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Aftershocks Jolt Los Angeles Amid Gridlock on the Freeways

Compiled by Our Staff From Dispatches

LOS ANGELES — A day after an earthquake killed 34 people, residents were jolted again by violent aftershocks, struggled to move on shattered freeways and searched through collapsed buildings for more victims.

Giant chunks of the region's vital freeways lay smashed, forestalling months or perhaps years of traffic snarls in a city whose residents virtually live in their cars.

Insurance industry officials said the property damage would far exceed the \$7 billion caused in the 1989 San Francisco quake.

A major aftershock, measuring 4.7 on the Richter scale and strong enough to cause further damage, rattled the area Tuesday morning. There was an aftershock of equal strength 30 minutes later.

The White House said Tuesday that President Bill Clinton would fly to California on Wednesday to visit the scene of the quake.

The death toll rose to 34 on Tuesday when rescue workers found the body of a 16th victim in an apartment building that collapsed near the quake's epicenter, in suburban Northridge.

The quake Monday measured 6.6 on the Richter scale. It was the strongest earthquake to hit Los Angeles since Feb. 9, 1971, when 64 people were killed in a temblor that measured 6.5 on the Richter scale. The 1989 San Francisco quake measured 6.9 and killed 67.

On Monday, an estimated 1,870 people were injured and more than 15,000 left homeless. Thousands of others were afraid to sleep in their undamaged homes for fear that their ceilings would crash down.

One aftershock after another rumbled through the area Tuesday, adding to the damage, causing more injuries and fear.

"Please, please, please make it stop," pleaded an elderly woman in suburban Canoga Park.

Schools and many businesses remained closed Tuesday, but many Los Angeles residents took to their cars, causing traffic gridlock around the sprawling city.

The California Highway Patrol said a normal 90-minute commute from the Antelope Valley to downtown Los Angeles would take six hours. A section of the Antelope Valley freeway collapsed Monday, killing a motorcycle policeman.

City officials said almost every facet of life



A woman and child sitting amid the rubble of their apartment building, which was devastated by the earthquake, in the San Fernando Valley town of Pacoima, California.

Clinton Takes New Blow as Inman Drops Pentagon Bid

Defense Nominee Cites Attacks in News Media And Partisan Politics

By Joseph Fitchett

WASHINGTON — In a blow to the Clinton administration's efforts to strengthen its management of security issues, Bobby Ray Inman abruptly withdrew Tuesday as the president's nominee for secretary of defense.

The precise reasons for his withdrawal were unclear, but Mr. Inman complained in a letter to the president and at a news conference about what he called biased attacks on him in the news media and partisan opposition from Republicans in Congress.

He unleashed a tirade of accusations at William Safire, the New York Times columnist, accusing him of McCarthyist tactics in blackening his reputation while other journalists, government officials and friends were failing to come to his defense.

Mr. Safire has been almost alone in publicly attacking Mr. Inman's qualifications for the Pentagon job, but Mr. Inman said the journalist was working with Republicans, including Bob Dole of Kansas, the Senate minority leader, to damage the Democratic administration of President Bill Clinton.

[Mr. Dole said Mr. Inman was "probably not qualified to be secretary of defense if he has fantasies like that." Reuters reported.

"I don't work for the newspaper," he said. "He has the right to say anything he wants. He probably didn't want the job."

[Mr. Safire declined to respond to the charge immediately, and an aide said he would address the matter in his column.]

The implication in Mr. Inman's remarks was that he would face harsh questioning in the Senate that would have tarnished his reputation. His background includes stints running the National Security Agency, which handles government eavesdropping, and working as the deputy director of the Central Intelligence Agency, where he was, in effect, Congress's eyes and ears concerning U.S. undercover work during the Reagan administration.

The Senate hearings also would have looked into his personal life, particularly his business dealings in the years since he left government.

Mr. Inman seemed confident, even in stepping down, that he could have ridden out the effects of his failure to pay Social Security taxes on a baby sister he employed — charges similar to those that sank nominations at the start of the Clinton administration.

His record would certainly have come under close congressional scrutiny regarding his role on the board of directors at a Pennsylvania defense contractor, International Signal & Control. After the company was purchased in 1989 by Ferranti International PLC, a British defense contractor, it was accused by its new owners of siphoning off millions of dollars from Pentagon contractors.

Mr. Inman said his decision to withdraw was a consequence of a fractious climate in Washington that would hamper his hopes of making major changes in defense policy. He mentioned the personal attacks on Mr. Clinton, along with the threat of similar attacks being directed at him.

Mr. Inman had been chosen as a bipartisan specialist whose position at the Pentagon would bolster the Clinton administration's credibility in managing foreign policy and defense issues.

His abrupt refusal to go forward will prolong the impression of a vacuum in defense policymaking and add to the list of misjudgments on high-level personnel that have dogged the Clinton administration.

Mr. Clinton was hoping for renewed stature as a result of just-completed summit meetings with European leaders and with the Russian president, Boris N. Yeltsin. Mr. Inman said that he had delayed the announcement of his withdrawal so as not to spoil prospects for the Clinton trip.

In his letter to Mr. Clinton, Mr. Inman said,

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Prosecutor Finds Reagan Acquiesced in Iran-Contra Final Report Assails Bush on Pardons

International Herald Tribune

WASHINGTON — President Ronald Reagan, while not legally culpable, embraced "willful" acts by senior aides in the Iran-contra scandal of the 1980s and later acquiesced in a White House cover-up, the independent prosecutor in the case said Tuesday.

In issuing his final report after a seven-year investigation, the prosecutor, Lawrence H. Walsh, argued strongly that the sale of arms to Iran in the 1980s and the illegal diversion of arms-sale profits to Nicaragua's anti-Communist rebels did not represent a "rogue" operation by White House operatives.

Mr. Walsh also concluded that evidence was lacking to bring charges against then-Vice President George Bush, but he harshly criticized the 1992 pardon of Iran-contra figures that Mr. Bush issued as president, calling it "the most unjustified act."

Evidence was not sufficient, Mr. Walsh said, to prosecute either Mr. Reagan, Mr. Bush, President Reagan's attorney general, Edwin

Meese 3d, or Mr. Reagan's White House chief of staff, Donald T. Regan.

At a news conference, Mr. Walsh, a court-appointed special counsel, said that Mr. Reagan "thought he was serving the country" and had "no self-centered purpose" by broadly authorizing arms shipments and aid to the Nicaraguan rebels, known as contras.

"It was in no way a rogue operation," Mr. Walsh said. Rather, he described the scandal as "a willful pair of acts embraced by a president carried out by persons who wanted to serve the president's policies but found they could not do so without running a risk of violating the law."

Mr. Meese and Mr. Bush immediately denounced the report's conclusions as unfair and unsupported by the facts. A statement from Mr. Reagan said the report was little more than a "vehicle for baseless accusations."

Mr. Walsh was far more critical of Mr. Bush than Mr. Reagan, saying that Mr. Bush "can never justify" his Christmas Eve 1992 pardon of former Defense Secretary Caspar W. Weinberger and five other Iran-contra figures.

"President Bush will always have to answer for the pardon," Mr. Walsh declared.

Mr. Walsh had accused Mr. Weinberger of concealing his handwritten notes, which detailed key White House meetings.

The scandal erupted in 1986 while Americans remained hostage in Lebanon and while the Reagan White House was seeking to support rebels fighting the leftist Sandinista government in Nicaragua. Congress, in a break with White House policy, voted to cut off aid to the rebels.

It was soon learned that U.S. arms had found their way to Iran in a White House effort to buy the freedom of the American hostages, an arms-for-hostages swap that Mr. Reagan had publicly vowed never to pursue.

It was also learned that, in an operation directed by the White House, some of the proceeds from the sale of the arms to Iran had been used by the contras to purchase weapons.

Mr. Walsh obtained convictions against 11 people in the affair, but his two major convictions were lost on appeal — the cases against John M. Poindexter, the former White House national security adviser, and Oliver L. North, a member of Mr. Reagan's National Security Council staff.

Mr. North masterminded the plan to sell arms to Iran and divert the proceeds to contras.

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Russian Turmoil Spurs Rush on Dollars

By Steven Erlanger

New York Times Service

MOSCOW — Russians clamored to buy dollars, and the ruble fell sharply again Tuesday, as President Boris N. Yeltsin and his prime minister, Viktor S. Chernomyrdin, apparently failed to settle on the composition of a new government without the country's best-known market reformers.

After six hours of talks, the president and the prime minister left in the evening for their country houses, and a spokesman said they might meet again Wednesday. Their inability to announce a new government left a small degree of suspense about Finance Minister Boris G. Fyodorov, who has come to symbolize the fate of economic reform itself following the resignation Sunday of Yegor T. Gaidar.

Mr. Fyodorov, who turned down a job in the new government on Tuesday because his conditions had not been met, was said to be holding his options open in case Mr. Yeltsin offered him a counterproposal.

Mr. Fyodorov's apparent departure from the government prompted panic on Tuesday, as Russians stormed currency exchanges and banks to try to turn their increasingly devalued rubles into dollars.

On the Moscow currency exchange, despite central bank intervention, the ruble fell 7.3 percent, to 1,504 to the dollar, down from 1,402 on Monday.

That means the ruble has lost 21 percent of its value since the beginning of the year, when it traded at 1,247 to the dollar.

This kind of panic can only help Mr. Fyodorov, though Mr. Yeltsin is likely to resent the pressure the young man is putting on him. But the one person Mr. Yeltsin cannot afford to offend is Mr. Chernomyrdin, who can argue that the December elections were a vote for softer reforms and more help to faltering industry, caught between communism and a nascent market.

Western diplomats who have tried to be

sanguine or even dismissive about the resignation of Mr. Gaidar, after his party, Russia's Choice, did worse than expected in December elections, regard the fate of Mr. Fyodorov as an important indicator of Russia's near-term future. He is a tough bureaucratic insider who has tried to rein in excess spending and cut inflation.

If Mr. Fyodorov quits, after the departure of Mr. Gaidar, the architect of Russia's reforms, "then it would be very difficult for Yeltsin and Chernomyrdin to convince anyone that reform will be preserved," Mikhail Berger, the respected economics editor of Izvestia, wrote Tuesday.

A senior Western diplomat said: "If Fyodorov goes, so does the likelihood of real economic stabilization." Asked if President Bill Clinton would be embarrassed by the

damage to the prospects of economic reform, after his meeting here last week, he answered: "I would think more furious than embarrassed."

Mr. Fyodorov, 35, had given an ultimatum, saying he would only stay on as finance minister if the anti-reform director of the central bank, Viktor V. Geraschenko, was replaced; if a socialist deputy prime minister, Alexander K. Zavarukha, did not outmaneuver Mr. Fyodorov; and if the Finance Ministry had a veto over most financial decisions of the government.

Mr. Fyodorov's challenge to Mr. Yeltsin — to choose a new generation of economic reformers over older figures from the Soviet Communist bureaucracy — was reportedly rejected, and Mr. Fyodorov refused the li-

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Money-changing was brisk Tuesday in Moscow as the ruble fell to a record low.

Brain Trust Finds Lenin Was Merely 'Talented'

Reuters

MOSCOW — Russian scientists, lifting a veil on 70 years of secret research on Lenin's brain, exploded another Communist myth on Tuesday by revealing that it was much like anyone else's.

"In the anatomical structure of Lenin's brain there is nothing sensational," said Oleg Adrianov, director of the Moscow Brain Institute where experts have spent most of this century trying to establish the secret of the Bolshevik leader's genius.

Lenin's brain, Mr. Adrianov told the Itar-Tass news agency, was "undoubtedly the brain of a talented man."

But he said the area of the right hemisphere's outer surface was only just bigger than average, and the weight of the brain, at 1.34 kilograms

(2 pounds 15 ounces), was less than two-thirds the weight of the novelist Ivan Turgenev's.

Lenin's brain, dissected into thousands of slices, has lain in exalted company at the secretive institute, perhaps the most bizarre and Orwellian feature of the cult surrounding him. It was joined over the years by the brains of such figures as Stalin, the Soviet revolutionary poet Vladimir Mayakovsky and the movie director Sergei Eisenstein.

Mr. Adrianov said Lenin's brain lacked "the sharply defined 'speech faculty' areas we discovered in the outstanding orator Vladimir Mayakovsky."

Of Lenin's successor, he added dismissively: "In Stalin's brain we didn't find any special features at all."

Kiosk Mandela Weighs Non-ANC Leader

PRETORIA (Reuters) — Nelson Mandela said Tuesday his African National Congress might appoint someone else as president of South Africa after the historic all-race elections it is expected to win in April.

"We stand for a government of national unity," he said after a meeting with Foreign Minister Alain Juppe of France in Pretoria. "It may well be that we may consider it in the interests of the people of South Africa as a whole, to have a president, a head of state, from outside the ANC," he said.

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Book Review Page 7.

Dow Jones		Trib Index	
3,870.29	Unchanged	113.08	Up 0.60%
New York		Previous Close	
DM	1.7485	1.7525	
Frank	1.485	1.485	
Yen	110.79	111.135	
FF	5.9385	6.9476	

Newsstand Prices	
Andorra	9.00 FF
Antilles	11.20 FF
Comoros	1.400 CFA
Egypt	5.000
France	9.00 FF
Gabon	9.00 CFA
Greece	300 Dr.
Ivory Coast	1.100 CFA
Jordan	1.100 JD
Lebanon	1.500 U.S. \$
Luxembourg	40 L.
Morocco	12 Dh
Qatar	3.000 Rials
Romania	11.20 FF
Saudi Arabia	5.00 R.
Senegal	9.00 CFA
Spain	200 PTAS
Tunisia	1.000 Din.
Turkey	1.100 Liras
U.A.E.	3.20 Dirh.
U.S. \$	1.100
U.S. \$	1.100

U.S. Locomotive Has Lost Steam, but It's Still Out Front

By Lawrence Malkin
International Herald Tribune

NEW YORK — Of all the industrialized world's economies, that of the United States provides the strongest base for growth in the coming year. When America's economy dominated the world 40 years ago, it would have pumped out prosperity from Tokyo to Trieste. This year, it will mainly set a good example, because the sources of global prosperity now are diffuse.

No more quick dashes for growth. No huge head of steam to pull the rest of the world like a locomotive. The authority for this is no less than President Bill Clinton.

"We're trying to have slow, steady, disciplined growth that will lead to a vigorous but noninflationary economy," the president said in December.

Virtually all private forecasters agree that

this is exactly what he will get this year: a strong start underwriting real growth of about 3 percent, unemployment diminishing only slowly and an inflation rate that will probably be lower than the real growth rate for the first time since the economy emerged from the recession of 1982.

"We are just not the power we used to be, and the Third World is taking an increasing portion of global trade," said Brian Fabbri, an international economic consultant. What's more, he said, by running a trade deficit that has increased from \$73 billion in 1991 to about \$125 billion in 1993 and about the same in 1994, the United States has already done about all it can to stimulate the world economy.

"We usually discover locomotives when we tell someone else to be one," said Alan Stogor of Kissinger Associates.

This time no one is being told. Instead, Treas-

ury Undersecretary Lawrence H. Summers, the administration's point man for international economic coordination, is preaching that virtue is its own reward: Lower interest rates for Europe, higher deficit spending for Japan.

When and How?

Ending the world recession

Last in a series of articles on returning the world's industrial economies to competitiveness and real growth.

and industrial restructuring for both along American lines will help the world recover.

Mr. Summers contends that U.S. policy has already set its own example. By finally halting the growth of the federal budget deficit, the administration has proved Mr. Summers' thesis. Lower interest rates are stimulating hous-

ing, automobile production and business investment. Wall Street agrees.

"Low rates are all the administration has to cancel out the drag of the higher taxes it imposed to cut the deficit," said Robert Giordano, chief economist of Goldman Sachs — whose old boss, Robert Rubin, now is Mr. Clinton's chief economic coordinator.

The scenario is so well understood by America's partners that the Clinton Treasury, unlike its predecessors, did not bother to press for a turn-of-the-year meeting by the Group of Seven finance ministers.

But there are other, more fundamental reasons why an economic explosion in one country does not automatically light the fuse in its trading partners.

No longer does the world's principal eco-

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Japan to Accept Foreign Bids

By Paul Blustein

Washington Post Service

TOKYO — The Japanese government approved on Tuesday a plan for opening up bidding on major public works projects to all qualified companies, including foreign ones, responding both to widespread disgust at home over corruption in the construction industry and to the threat of American sanctions.

The plan, given backing by the cabinet of Prime Minister Morihiro Hosokawa, provides a detailed blueprint for implementing Tokyo's broad pledge of Oct. 26 to introduce open, competitive bidding on public works.

In an apparent coincidence, Tokyo prosecutors arrested on Tuesday two officials of Obayashi Corp., a construction company. The two are suspected of paying a 10 million yen (\$90,000) bribe in 1992 to the then-mayor of the northern city of Sendai. The executives were the latest of more than 30 people who have been arrested on suspicion of swapping cash for contracts. (Page 15)

Tokyo's Oct. 26 pledge came as a U.S. sanctions deadline loomed. At that time, Washington halted the move as historic, but said it wanted to see the details, and postponed the sanctions deadline for nearly three months.

In Washington, a spokesman for Mickey Kantor, the U.S. trade representative, said Mr. Kantor was studying the plan and would announce Thursday whether Washington approved of it or would go ahead with sanctions.

A Foreign Ministry official went out of his way to rebut suggestions that Tokyo was acting

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Bosnia Rivals Reopen Talks, but They Fall Apart Fast

Washington Post Service

GENEVA — The Bosnian peace negotiations fell into shambles here Tuesday, with Serbs and Muslims accusing each other of rejecting the proposed outlines for a settlement and of preparing to make war instead of peace.

The talks, resumed after a monthlong break in which the fighting in Bosnia steadily escalated, seemed to be headed for a total breakdown, threatening to touch off the worst round of fighting since the bloodiest conflict in post-World War II Europe began 21 months ago.

Early Tuesday morning, David Owen, one of two international mediators in the talks, said that prospects for success were "not very high." Thorvald Stoltenberg, the other mediator, said the atmosphere "has never been less conducive to a settlement."

A spokesman for the conference said it was still uncertain whether it would be possible to hold a

plenary session bringing together all the participants, including President Slobodan Milosevic of Serbia and President Franjo Tudjman of Croatia.

Mr. Milosevic said Tuesday he had reached no understanding in his talks with the president and prime minister of Bosnia, calling them "one endless discussion" and complaining "there are always new requests."

The Muslim-led Bosnian government came to this latest round of negotiations bolstered by a string of military successes against both Serbian and Croatian forces and visibly more confident of its military position than ever before.

Radovan Karadzic, the leader of the self-proclaimed Serbian state in Bosnia-Herzegovina, said the Bosnian government was insisting that territories with Muslim majorities seized by the Serbs and "ethnically cleansed" had to be returned as part of any peace agreement.

The Bosnian Serbs, who have lost ground for the first time to several counteroffensives launched by the Bosnian Army since November, arrived here with a warning from Mr. Karadzic that if there was no agreement "we shall have to prepare for all-out war."

Mr. Karadzic said he saw only "a very small chance" for any agreement here.

It was almost immediately evident that neither the Bosnian Serbs nor the Muslim-led Bosnian government delegation was really ready to make the kind of compromises that will be necessary to obtain an accord.

The Serbs came to the talks with a revised map for their proposed partition of Bosnia into three ethnically based independent states that would give the Muslims exactly 33.5 percent of the country.

This would meet at least on paper the demand set forth by the European Union that the Muslims be given at least one-third of the total territory. The Serbs

would still keep 52 percent, and the Croats would be given the remainder.

Even before the two delegations had met to discuss the Serbian map, Mohammed Sacirbey, the Bosnian government spokesman, rejected it, saying the land being offered to the Muslims was not viable.

Mr. Sacirbey also asserted that the United Nations and the North Atlantic Treaty Organization were not lending their support to help achieve a peace settlement. He said that the postponement of the use of force to open the airport at Tuzla and extricate its troops from Srebrenica, ordered by the UN secretary-general, Boutros Boutros Ghali, was "not very helpful."

Mr. Sacirbey called the decision to further study the use of force, which was announced Monday, further evidence that the UN secretary hid the position "that the status quo is the best way to proceed."

— DAVID B. OTTAWAY

Sowing Uncertainty In Eastern Europe

By David B. Ottaway

Washington Post Service

GENEVA — The U.S. diplomatic offensive in Eastern Europe left behind unanswered questions about whether American policy toward the region will move beyond rhetorical sympathy for its economic and security concerns.

After some early complaining, the U.S. proposal of a Partnership for Peace offering limited military cooperation with NATO was embraced by the leaders of the eight East European and Balkan nations

NEWS ANALYSIS

visited by President Bill Clinton or his envoy, Madeleine K. Albright, the U.S. representative to the United Nations.

But this was mostly because the U.S. plan, together with Mr. Clinton's presence in Prague and Ambassador Albright's 11-day tour of the region, offered these desperately insecure nations the first signs of attention from Washington.

Their leaders were delighted to hear Mr. Clinton and Mrs. Albright repeatedly say that their security was of "direct and material interest" to the United States.

Yet, on one in the Albright delegation was ready to explain exactly what that means. It was carefully crafted as a substitute for the words "security guarantees" — which NATO and the United States want to avoid as they develop a new relationship with these countries.

Meanwhile, the actual aid offers from Mr. Clinton and Mrs. Albright were noticeably modest — primarily of indirect technical support of regional cooperative projects.

Neither was there any hint of U.S. loans or grants to the countries bordering on Serbia. Their economies have taken a battering because of the cut in trade and transportation links with Serbia in

accordance with UN trade sanctions that were imposed to punish Belgrade for its support of Serbian aggression in Bosnia.

To the complaints of Hungary, Bulgaria and Romania — and their requests to the United Nations for billions of dollars in compensation — Mrs. Albright answered only that upholding the sanctions is the duty of all good UN and potential NATO members.

It also became clear, as Mrs. Albright's trip progressed, that the threat of Russia's "imperialistic tendencies," as Foreign Minister Teodor Melescanu of Romania phrased it, was just one of many security concerns in the region.

Yet the squabbling at the NATO conference in Brussels over what to do about Bosnia was a reminder to these countries that neither the United States nor the alliance offers sure protection.

The United States has set aside what additional foreign aid it can muster for Russia, limiting its "material support" if not its "material interest" to indirect economic assistance.

Mrs. Albright did announce an increase, from \$50 million to \$200 million, in insurance coverage offered to investors by the Overseas Private Investment Corp. and a \$50 million private enterprise fund for Albania.

But mostly her offers were of U.S. technical assistance in helping countries obtain loans and funds from the World Bank and other lending institutions to finance highway projects to facilitate the passage around Serbia of commercial traffic between the Middle East and Western Europe.

As for the Partnership for Peace program offered the Eastern nations in lieu of NATO membership, Mrs. Albright and General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, who accompanied her on part of her tour, said countries that want to take part will have to make a major effort on their own before it benefits them.

A U.S. official noted that it was seven years after the death of Franco before Spain was allowed to join the pact. It is likely to take at least as long before any of the East European nations gains membership.

For one thing, their military equipment, training and command structures are of Soviet origin, and Hungary and Slovakia have just obtained more planes from Russia. The lack of compatibility of their weapons and armies with those of NATO poses obstacles to effective cooperation, according to U.S. officials.

Another problem for the hard-pressed East Europeans is that NATO expects them to pay their own costs for exercises.



Citizens of Sarajevo lining up Tuesday as snow fell at a Red Cross food kitchen. Conditions for survival in Bosnia are worsening daily.

Vote Likely on Golan Heights

By Clyde Haberman

New York Times Service

JERUSALEM — Prime Minister Yitzhak Rabin warned Israelis on Tuesday that peace with Syria might require them to pay a more "painful price" than they had expected in territorial concessions on the Golan Heights.

If that turns out to be the case, Mr. Rabin said his government would call for a national referendum on the issue, which is unprecedented in Israel.

The proposal, first mentioned by one of his lieutenants on Monday, stirred a sharp public debate Tuesday.

Within the government, some ministers said they preferred full elections, a position echoed by the rightist opposition. Other cabinet members were quoted as saying that the peace talks could be undermined if future public opinion was made a paramount factor at this point.

But some political commentators argued that the specter of a popular vote could work to Mr. Rabin's advantage in several ways.

It could help him fend off Syrian demands for enormous concessions by using the argument that there

was a lack of public support. And it could help him in his battle with anti-government protesters who have filled the country with banners proclaiming that he has no mandate to give away any part of the Golan.

Mr. Rabin offered no hint about what might qualify as a painful price on the Golan Heights, the strategic plateau that Israel had captured from Syria in the 1967 Middle East war, but he said that a "significant withdrawal" could mean uprooting some of the three dozen Jewish settlements there.

To many Israelis, any compromise is too much. The prime minister himself, while saying he was ready to give up land, has repeatedly rejected demands from President Hafez Assad of Syria that he get it all back.

But a full return of the Golan Heights is Mr. Assad's price for peace with Israel. After meeting with President Bill Clinton in Geneva on Sunday, he said that in exchange for that, he was ready for normal relations, words that he had not uttered in public.

Grudgingly, Mr. Rabin said Tuesday that he would accept those remarks as a basis for resuming

peace talks with Syria in Washington next week.

He said that he had expected more in terms of straightforward statements from the Syrian leader about whether his concept of peace matches Israel's demands for open borders, embassies and trade. Publicly at least, Israeli officials are far less rosy about the Geneva meeting than envoys from the Clinton administration, who came here and described Mr. Assad as having broken new ground with a "strategic choice" to come quickly to terms with Israel, perhaps even by the end of this year.

But even though he is skeptical, Mr. Rabin said, "I am prepared to make do because of the need to continue negotiations."

Response Surprises Syria

"We're surprised by the contradictory reactions in Israel," Mr. Shara said, Reuters reported from Amman, Jordan. "We were expecting a big welcome to what was announced in the wake of the summit between the two presidents. Instead of that we are hearing statements of a referendum and demands for more."

Belgian Leader Tries to Cut Off 'Hate' Call-Ins

Reuters

BRUSSELS — Prime Minister Jean-Luc Dehaene has taken legal action to stop a telephone "hate line" that urges callers to rob his home and shoot him because of his anti-Nazi policies.

A spokeswoman for Mr. Dehaene said Tuesday the prime minister had filed a complaint with a public prosecutor over the phone line, which is described as "Dehaene is robbing you, shoot Dehaene." She said the prosecutor in Antwerp was investigating.

The premium rate, interactive phone line starts off by encouraging callers to push a zero on the phone to show their lack of esteem for the prime minister, who recently announced a stringent austerity plan.

After that, the caller is taken by sound to the prime minister's home in a Brussels suburb and is then encouraged to press the asterisk to activate the noise of a gun.

France Recalls UN Commander From the Balkans

Reuters

PARIS — France announced on Tuesday that General Jean Cot, the outgoing United Nations commander in former Yugoslavia, will return home at the end of March.

A Defense Ministry statement said France had asked that General Cot, who has disagreed openly with the United Nations secretary-general, Boutros Boutros Ghali, over policy in Bosnia, be replaced by another French general.

Diplomatic sources said Mr. Boutros Ghali demanded the general's removal when he met President Francois Mitterrand in Paris on Jan. 8. The commander had publicly criticized the UN chief's refusal to empower him to order air strikes.

Diplomats said the French were upset at Mr. Boutros Ghali's public reprimand last week of General Cot, the latest in a growing list of senior military commanders who have left in disagreement with the UN's caution in Bosnia. On Jan. 4, the Belgian general in charge of UN forces in Bosnia, Lieutenant General Francis Briquemont, was withdrawn from his post.

General Cot was named UN commander in the former Yugoslavia in July for a one-year term.

Saudis Near a Deal on Slowing U.S. Arms Payments

By Eric Schmitt

New York Times Service

WASHINGTON — In a plan that carries broad implications for U.S. foreign policy and military industry, Saudi Arabia is nearing agreement with five of the biggest U.S. military contractors to stretch out \$10 billion in payments due over the next two years.

Dropping oil prices and Saudi Arabia's general financial decline since the end of the Gulf War in 1991 have left Riyadh short of cash and in the unusual position of needing more time to pay for an array of tanks, missiles and fighter jets. More than \$20 billion in arms sales are pending.

U.S. military contractors, suffering from dwindling new Pentagon orders, are increasingly dependent on sales to foreign customers to help offset the decline. Large-scale cancellations could have a devastating impact on the battered U.S. aerospace industry.

Industry and Pentagon officials say the situation has put the contractors and the Clinton administration, which has vowed to help protect the military industry, in the awkward position of yielding little leverage over the Saudis, because the companies and the economy need the sales so badly.

"The Americans have no other alternative," said a Gulf state ambassador. "The Saudis are such big clients, they can set the terms."

On Friday, the Saudi ambassador to Washington, Prince Bandar bin Sultan, met with the director of foreign military sales in the Defense Department, Lieutenant General Thomas Rame, who serves as a middleman, to discuss details of the emerging plan.

The meeting followed several weeks of high-level talks between the Saudis, Pentagon officials and

the contractors — McDonnell Douglas, General Dynamics, Raytheon Co., FMC Corp., and the Hughes Aircraft Division of General Motors.

Senior Saudi officials have assured U.S. officials that they have no plans to cancel any orders or delay the deliveries of weapons on order. After overcoming years of resistance from lawmakers who opposed the sale of advanced weapons to Riyadh because such a step could threaten Israel's security, administration officials say the Saudis are as eager to buy the weapons as the contractors are to sell them.

"We would like to do three things: maintain the overall number of equipment purchased, maintain overall dollar value, and work on a schedule of payments that doesn't hurt our partners and friends in the U.S. defense-industrial complex and in the labor force," Prince Bandar said last

week in an interview with The Wall Street Journal.

Industry executives and Pentagon officials said the Saudis and military contractors had reached a tentative plan.

Riyadh would pay a total of \$1.5 billion in cash to the five contractors in 1994 and the same amount in 1995. The contractors would cover the remaining cost of the weapons by taking out loans backed by the Saudi government.

The Saudis would repay all fees and interest costs. Saudi Arabia owes about \$4.1 billion for arms payments this year and \$6 billion in 1995, meaning that the contractors would have to finance about \$7 billion over the next two years. The contractors would borrow enough to keep production lines open at the minimum level needed to avoid layoffs.

As an alternative or supplement to financing, the companies have

offered to delay deliveries of weapons and reduce the cost of spare parts purchases, but the Saudis have been adamant about sticking to their original deals.

The companies in better financial shape like Hughes, General Dynamics, and FMC could do the financing and are prepared to do so, said one Pentagon official. "But McDonnell Douglas is not in great shape and Raytheon is almost totally dependent on foreign sales now. No one, though, wants to see production lines go down — that means workers and jobs."

The Defense Department is involved in the discussions because, when foreign countries buy weapons through the Pentagon, they put money in a foreign military sales trust fund. They must deposit enough to cover cancellation fees and the next quarterly payment. Military contractors are paid as they finish their work.

WORLD BRIEFS

Christian Democrats Adjust in Italy

ROME (NYT) — With little more than two months before national elections, Italy's beleaguered Christian Democratic Party yielded on Tuesday to the political changes sweeping the country and gave itself a new name, new leaders and, it hopes, a new chance to salvage some of its former power base, torn by the scandals that have rent the country.

The leadership of the party, which effectively controlled Italian politics since the country's emergence from World War II, announced that it would now be called the Italian Popular Party.

The changes must still be approved by a party congress Saturday. And on Tuesday a sizable minority resistant to the changes broke away and set up a splinter party called the Christian Democratic Center. To them, the new party risks to present a unified front against the threat of a left-led victory in elections to be held March 27-28, and they have vowed to ally themselves with conservative forces like the separatist Northern League to build a new center-right movement.

— DAVID B. OTTAWAY

Athens Seeks Arts Probe of Ex-Leader

ATHENS (Reuters) — Culture Minister Melina Mercouri said Tuesday she would ask a public prosecutor to investigate whether former Prime Minister Constantine Mitsotakis had legally acquired some of his huge antiquities collection.

"According to our investigation a number of items now belonging to Mr. Mitsotakis were acquired from illegal diggings," Miss Mercouri said at a news conference. She said archaeologists examined Mr. Mitsotakis's collection in his house on Crete and found that a number of items were from graves that had been robbed.

"The time Mr. Mitsotakis declared the findings coincided with the time that the graves were robbed," Miss Mercouri said. "It is an atrocity that a former prime minister could have stolen from ancient graves along with common robbers," Mr. Mitsotakis was prime minister from 1990 to 1993.

U.K. Expels 3 Neo-Nazis After Clash

LONDON (AFP) — Two Belgian neo-Nazis and a German one were given 24 hours to leave Britain on Tuesday after being convicted of provoking clashes with anti-racist demonstrators in London.

The Belgians, Steve Clark, 22, and Eddy Vanryckeghem, 28, and the German, Stefan Johannsen, 29, were charged with threatening behavior and criminal damage. Two Britons accused with them were released on bail.

The clashes occurred after neo-Nazis from across Europe arrived for a concert Saturday by a skinhead band in a pub in London's East End. The concert was canceled by the police after anti-Nazi demonstrators turned out to protest. A policeman suffered head wounds, and several demonstrators were hurt when the two sides fought. Three French rightists in possession of bicycle chains were released after questioning.

Ex-Bulgaria Leader Heads for Prison

SOFIA (Reuters) — Bulgaria's former Communist dictator, Todor Zhivkov, is to go to prison after the Supreme Court on Tuesday rejected his appeal against a sentence of seven years for embezzlement, the BTA news agency said.

"My lawyer has not contacted me yet and I do not know what the legal procedures are, but if I have to go to prison I will," Mr. Zhivkov said. The agency said the sentence by the five-member court was effective immediately.

Mr. Zhivkov, who ruled for 35 years until he was removed in 1989, was sentenced last year for stealing 21.5 million leva (then about \$24 million) in public funds. The charges involved the purchase of luxury apartments and Western cars and distribution of entertainment allowances for his family and aides.

Yemen Claims Attack From South

SAN'A, Yemen (Reuters) — The Yemeni president's political party said Tuesday that planes from the south had bombed a northern military camp.

A southern official denied the charge, leveled on the same day as rival parties signed an accord aimed at resolving a six-month dispute that has threatened to split the 1990 union between the former North and South Yemen. The armed forces of the formerly Marxist south and the conservative north have yet to integrate.

The General People's Congress led by President Ali Abdullah Saleh said a MiG warplane belonging to their southern rivals raided a military unit close to the old border on Monday evening.

UN Envoys to Visit Timorese Rebel

JAKARTA (Reuters) — Two United Nations envoys met with Indonesian officials on Tuesday to discuss ending the long-running conflict over East Timor, officials said.

The officials said the two envoys, Francesco Vendrell and Taimrat Samuel, would visit a jailed Timorese guerrilla leader, Jose Xanana Gusmao, but they denied media reports that he might be released as part of a reconciliation process.

The visit, which will include a trip to the former Portuguese colony of East Timor, is part of UN-brokered talks between Lisbon and Jakarta. Indonesian forces invaded the territory in 1975 after Portugal withdrew. Most countries do not recognize Jakarta's claim to the area and the United Nations considers Lisbon the territory's administering authority.

No Charge for Girl in Faked Attack

BERLIN (Reuters) — No charges will be brought against a handicapped German schoolgirl accused of inventing a story about neo-Nazis carving a swastika into her face, a state prosecutor said Tuesday.

The 17-year-old girl, identified as Elke J., was questioned earlier about the alleged incident, which caused a nationwide uproar last week, but will not be charged with faking a crime, said the Saxony-Anhalt state prosecutor, Jurgen Hossfeld.

"The investigation against Elke J. has been discontinued," he said. "The reason for this is that the girl was and is psychologically conspicuous." The girl led police on a futile manhunt for three skinheads last week after telling authorities that they had cut the Nazi emblem into her cheek after she refused to repeat fascist slogans. The maximum penalty for faking a crime is three years in prison.

TRAVEL UPDATE

Danes Stop Work on Sweden Link

COPENHAGEN (Reuters) — Denmark announced Tuesday that it would stop work on a bridge and tunnel project to link Denmark with Sweden after Stockholm put off a final decision on starting construction.

The stoppage mainly affects a planned railroad line and land expropriations on the Danish side of the Oresund Strait. On Thursday, Sweden postponed a decision, saying more environmental checks were needed. Prime Minister Poul Nyrup Rasmussen of Denmark said the work would be put off pending "definite clarification" from Sweden.

Austrian Airlines will start daily flights to the Slovene capital, Ljubljana, on March 27. The airline is concentrated on building a network in Eastern Europe, using Vienna as a gateway.

Virgin Atlantic Airways has begun talks with Air New Zealand on international flight and cooperation about routes, Virgin's marketing director said.

Nearly a thousand travelers were stranded on Madeira on Tuesday as winds of 100 kilometers (about 60 miles) an hour forced Santa Catarina airport to close for the second straight day. TAP Air Portugal canceled all scheduled flights to and from the Portuguese island, about 800 kilometers (500 miles) southwest of Lisbon.

(AP)

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U.S. Nears Lifting Of Hanoi Embargo

Bentsen Praises Cooperation

By Clay Chandler
Washington Post Service

BANGKOK — Treasury Secretary Lloyd Bentsen said Tuesday that the U.S. government had moved closer to a decision to lift its 19-year trade and investment embargo against Vietnam.

Mr. Bentsen, speaking at a meeting of Thai business leaders in Bangkok, praised the Vietnamese government for assisting in efforts to determine whether Americans taken prisoner during the Vietnam War remained in that country.

"The progress is there and I'm optimistic we'll get that finally behind us," he said at news conference later in the day. "Some of us older fellows think you ought to move these things and get it done. We've seen a lot of cooperation coming out of Vietnam."

Mr. Bentsen declined to speculate on a timetable for lifting the ban. But in Jakarta on Monday, he suggested normalization was imminent. "That decision has not been made, but I think you'll see something forthcoming quite soon."

Mr. Bentsen, who is on a three-country tour of Asia to demonstrate the Clinton administration's commitment to building stronger relations in the region, is the latest of several U.S. government off-

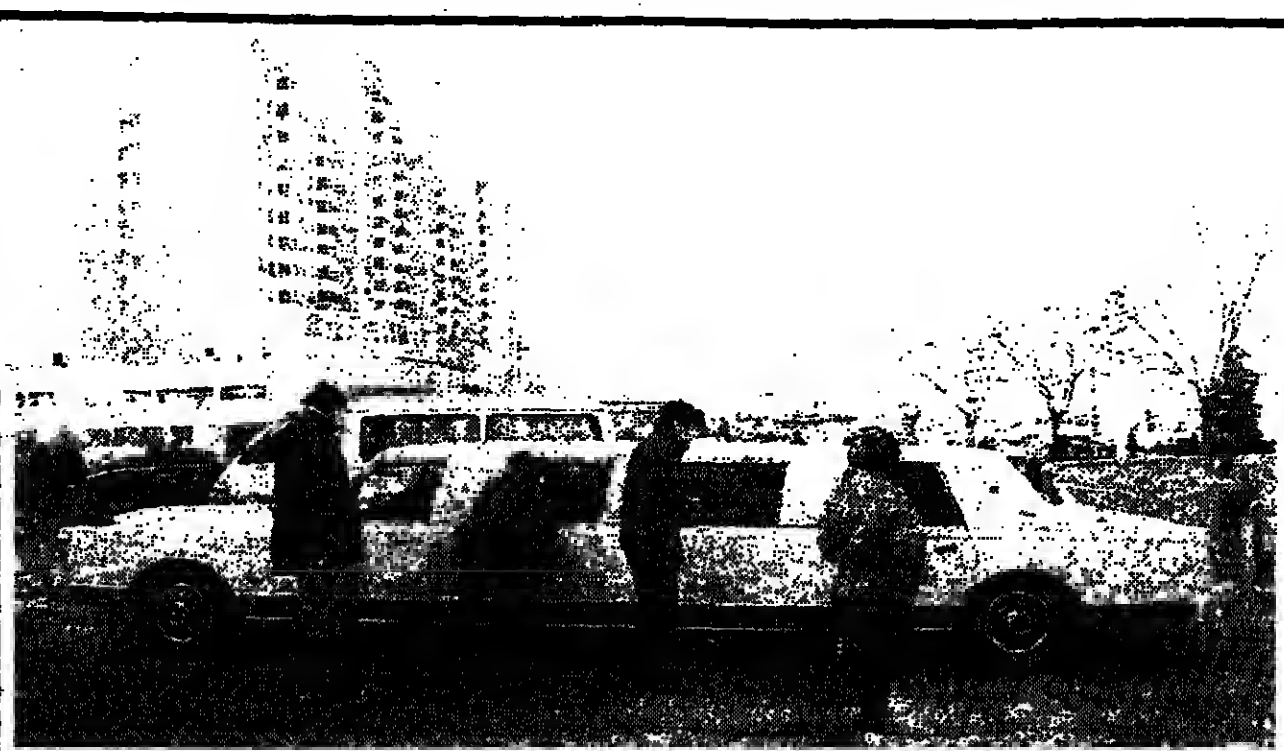
icials to urge lifting trade restrictions against Vietnam.

During a visit to Hanoi on Monday, Admiral Charles Larson, the commander of U.S. armed forces in the Pacific, called for an end to the embargo. Similarly, Senator John F. Kerry, Democrat of Massachusetts, said a member of the Foreign Relations subcommittee on East Asian and Pacific Affairs, argued at the close of his visit to Vietnam last week that the embargo no longer served a meaningful purpose and was only hurting U.S. companies denied business opportunities in the region.

In his speech Tuesday, Mr. Bentsen argued that the United States could do more to promote the search for possible prisoners of war by lifting the trade ban than it could by continuing to insist on greater cooperation as a prerequisite for normal commerce.

"As with other countries on other issues, a strategy of engagement with Vietnam may be the most effective way to promote our goal of accounting for our POWs and MIAs from the war," he said.

Moves toward liberalizing trade with Vietnam have drawn stiff opposition from U.S. veterans groups and is a politically sensitive issue for President Bill Clinton, who was criticized for his draft record.



THIS SIGHT'S A STRETCH FOR BEIJING — A nine-meter U.S.-made Lincoln limousine, an unusual sight in the Chinese capital, draws looks from curious passers-by. The limousine's owner, a local businessman, was at a meeting at a department store.

Visit Renews U.S. Military Exchange With China

The Associated Press

BEIJING — The president of the U.S. National Defense University met Tuesday with a top Chinese military official, one of the first fruits of the two countries' new military ties.

The China News Agency quoted Lieutenant General Paul Cerjan as saying.

The United States halted military exchanges with China in 1989 after the Chinese Army used tanks and automatic weapons against student demonstrators for democracy in Beijing. In November, the Clinton administration ended

the freeze, saying that the absence of contacts only bred suspicion and distrust.

General Cerjan is on a five-day tour of Chinese military installations in Beijing, Nanjing and Shanghai. The U.S. National Defense University in Washington trains senior officers from all the branches of the military.

In U.K., Patten Hopes To Outflank His Critics

China Experts Who Opposed Reform Of Hong Kong Voting Face a Rebuff

Reuters

HONG KONG — Governor Chris Patten is heading to London to defend his planned democratic reforms for Hong Kong against criticism from the China experts who once dominated British policy on the colony.

Mr. Patten is likely to win cabinet backing to defy China and send a bill with his reforms to the colony's legislature. If so, it would be a rebuff to the Chinese-speaking diplomats who said confronting Beijing risked a backlash.

On Thursday, the governor is to appear before a parliamentary committee studying the problems that Hong Kong faces before its return to China in 1997, and on Monday he will be at a cabinet committee meeting on the subject.

Mr. Patten has presided over a policy reversal on Hong Kong. Many of the China experts in the Foreign Office said he was playing with fire by dumping their policy of quiet diplomacy in favor of open confrontation with Beijing.

China has strongly criticized Mr. Patten's plan to widen the electoral franchise before 1997 without being consulted. Last month he faced an onslaught from fellow countrymen, led by a one-time architect of

British policy on Hong Kong and China, Sir Percy Cradock.

Sir Percy, who negotiated the 1984 agreement to return Hong Kong to China, told the Foreign Affairs Committee that Britain would be "indefinitely reckless" if it carried out Mr. Patten's proposals unilaterally after the effective breakdown of talks.

Britain risked "a vicious backlash" from China that could damage prospects for democracy and stability, said Sir Percy, a former ambassador in Beijing.

China mounted verbal assaults on Mr. Patten in late 1992, when he proposed widening. Since then, the realization has mostly been passive, such as refusing to approve financing plans for Hong Kong's new airport. Progress at talks on the transfer of sovereignty has slowed to a virtual halt.

But Mr. Patten, quoting high Communist officials, played down fears that Beijing might freeze British companies out of lucrative contracts. "I note that President Jiang Zemin and other senior leaders have made it abundantly plain that they believe that trade and politics should be kept separate," he said Tuesday before leaving for London.

Chung Il Kwon, Ex-Seoul Prime Minister, Dies

Reuters

SEOUL — Former Prime Minister Chung Il Kwon, 77, of South Korea died of cancer Monday in Hawaii.

Mr. Chung had undergone treatment in Washington and Hawaii since he resigned as president of the Korea Freedom League in 1991.

He was general commander during the 1950-53 Korean War and served as ambassador to the United States, foreign minister and prime minister under the former military strongman, Park Chung Hee in the 1960s and 1970s.

Moon Ik Hwan, 76, South Korean Dissident (Reuters) — The Rever-

end Moon Ik Hwan, 76, one of South Korea's best-known dissidents, died Tuesday, apparently from a heart attack, reports said.

The Yonhap news agency said Mr. Moon, a Presbyterian minister and leading human rights activist, was arrested for visiting North Korea in 1989 and imprisoned under South Korea's national security

laws, which ban contact with the North. He was released last year.

Juan Bautista Pinero, 49, a Spanish playwright, died Thursday in Paris of AIDS. He wrote his main works in French, such as "Vierge" ("Virgin") in 1976 and a novel, "Le Voyage Nu" ("The Naked Journey"), in 1977.

Butros Ghali Fires Reform-Minded American Official

Washington Post Service

UNITED NATIONS, New York — Secretary-General Butros Ghali fired Monday Lisa Wells, the highest-ranking American administrator at the United Nations and the head of an effort to reform the organization's inefficient bureaucracy, UN officials said Tuesday.

Mrs. Wells, 62, lost support of both the secretary-general and the U.S. mission here, the sources said. She clashed repeatedly with Mr. Butros Ghali in the 10 months since she took the job of undersecretary-general for administration and management, which in addition to

placing her in charge of the reform program also gave her responsibility for security, contracts and support services for peacekeeping operations.

Her removal further delays a reform effort that has been hampered by a steady turnover of top officials. She was the sixth person in seven years to hold the top management post at the United Nations.

In her highly politicized job, Mrs. Wells was caught between Mr. Butros Ghali, who is seeking to expand the organization's world role; the unwieldy and conservative UN bureaucracy,

which she managed; and the U.S. mission at the United Nations, which has been pressing to streamline the organization to satisfy an American Congress concerned about waste and fraud in the UN bureaucracy.

Early this month, Jean-Claude Aime, the secretary-general's chief of staff, formally asked the U.S. mission to withdraw Mrs. Wells, a career U.S. Foreign Service officer, when her one-year contract expires in April, sources said. But in a letter of resignation, Mrs. Wells said she would step down Feb. 17.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Fiscal Folly in Moscow

On its face, Yegor Gaidar's departure from the Russian government is a blow to Boris Yeltsin and an embarrassment to Bill Clinton. Only last Friday in Moscow, President Clinton praised President Yeltsin for his commitment to economic reform, although he was apparently then aware that Mr. Gaidar, one of Russia's ablest reformers, was about to quit as first deputy prime minister. Citing profligate decisions taken without cabinet consultation, he gave a blunt farewell: "I cannot be at one and the same time in the government and in opposition to it."

A dramatic exit, certainly. But not yet a last bow for Mr. Gaidar, who has quit, or threatened to quit, on previous occasions. Resignations are a way of forcing decisions, and one of the biggest facing Mr. Yeltsin is whether to continue on a ruinous inflationary course. The specific moves attacked by Mr. Gaidar illustrate the point: the earmarking of \$500 million for a lavish new parliamentary building, and, far more troubling, a proposed monetary union between Russia and insolvent Belarus.

The draft agreement with Belarus, adopted by the Yeltsin government without discussion, provides that already weak rubles would be exchanged one for one for the still weaker currency, worsening Russia's own monetary hem-

orage. It is the kind of decision that has made Viktor Gerasimchenko, chairman of the Russian central bank, a symbol of incompetence. He has printed money chiefly to keep unproductive factories afloat. So appalling has been his stewardship that Boris Yeltsin, the finance minister as well as a deputy prime minister, threatens to resign rather than serve with him.

To view these disputes as arguments over the pace of reform wholly misses the point. Runaway inflation sabotages any economic system, and the poorest are the biggest losers. Voters cannot eat worthless rubles. Unfairly if understandably, Mr. Gaidar's reformist party was punished in recent elections by frustrated Russians who turned to ultranationalists.

Fiscal restraint is a precondition for any functioning economy, with or without reforms—a point underscored by Mr. Clinton and his economic team in their overture talks last week. How Russia moves against hyperinflation is first and foremost the job of the Russians themselves.

While not taking sides in Moscow's internal quarrels, Washington needs to keep pressing for an end to fiscal folly. Seen in this context, Mr. Gaidar's exit is a warning. If unheeded, it could presage a calamity.

—THE NEW YORK TIMES

One Word at a Time

Bill Clinton stopped off for a Geneva talk on Sunday with Hafez Assad and extracted from him long-sought approval of eventual "normal" relations with Israel in a peace agreement. You might think it odd that a peace agreement should produce anything but "normal" relations— isn't that the natural goal? You might think it even odder that President Clinton should actually commend President Assad, pay him in diplomatic coin, for speaking the word. But this is how peace proceeds in the Middle East, one word at a time.

Syria seeks the return of the Golan Heights, a swath of territory it lost to Israel in the 1967 war. With the demise of its Soviet patrons, it was forced to make the "strategic choice" that it no longer had a military option to reclaim the Golan, and it then walked through the diplomatic door opened by President George Bush. In the peace talks up to this point, however, Mr. Assad has offered Israel simply a "just," "comprehensive" or "honorable" peace, meaning that for surrendering every inch of territory Israel would get a cold, no-contacts, no-commitments relationship. He has rejected Israel's demand for open borders, commerce and diplomatic relations—for a full peace with "normal" relations—plus special security guarantees.

In fact, the situation is even tougher than that. For while Syria was holding to a hard line, Israel was getting accustomed to the considerable strategic comforts—the look-outs, the warning time, the threat to Damascus—of Golan's high peaks. And some 14,000 Israeli settlers, mostly recruited by Prime Minister Yitzhak Rabin's own Labor Party, were moving in; they enjoy broad support among the Israeli public. So the stickiness is not all on Syria's side.

Mr. Rabin has been slow to apply Labor's

negotiating formula of land for peace to the Golan Heights. He hesitates to take the political heat that will come from saying that the land must be surrendered, at least until he can nail down what Syria means by peace.

These are the elements of the diplomatic impasse that President Clinton, who already has embraced the separate Israeli-Palestinian peace initiative, went to Geneva to break. He found President Assad, as others have, a tough and tightly disciplined negotiator; he even violated his intent not to be all smiles in the presence of a bloody-banded tyrant, and joked about the Assad style. But whether he actually broke the Israeli-Syrian impasse remains to be proved.

Mr. Assad spoke a word—"normal"—that much encouraged Mr. Clinton. But he made his gesture, as he commonly does, not to Israel but to the United States, which he plainly hopes to enlist less as a mediator than as a buffer between himself and Jerusalem. To make the point, he barred Israeli journalists from his Geneva press conference. Nor did he spell out the content or timing of the "normal" ties he now says he contemplates. All of that remains to be negotiated when the peace talks resume in Washington soon.

If Syria is actually ready to bargain for an Israeli-type peace of openness and confidence, then Israel is likely to win. They will feel vindicated for having held out for their terms on the Golan. But the closer they come to success at the table, the more doubt they will have about the desirability of surrendering the peaks and settlements and about the wisdom of making any kind of peace with a cruel, dictatorial regime. It will fall to the United States to coax both sides along the difficult path to peace.

—THE WASHINGTON POST

When It All Trembles

To the people of Southern California, it always seems to happen the same way. Some time before dawn, in that deepest hour of sleep, they suddenly awaken, confused and disoriented. The house is shaking. The windows are rattling. In an instant—less time than it takes to read this sentence—they leap from bed, staggering and stumbling and gathering other family members under the flimsy security of a door frame.

And so it was on Monday in the San Fernando Valley, where a violent pre-dawn earthquake, measuring 6.6 on the Richter scale, killed at least 30 people, set fires, buckled freeways and turned buildings into rubble. "This place was moving like a jackhammer was going at it," said Richard Goodis of Sherman Oaks, an affluent Los Angeles suburb. "Our bedroom wall tore away. I was looking at the ceiling one moment, then I was looking at the sky. I thought we were dead."

The elapsed time is generally about 30 sec-

onds, start to finish. And then it stops, although the adrenaline flow, the fear and the aftershocks, some of them large, do not. And then the damage assessment begins.

For the people in and around Los Angeles, that damage includes the tragedy of lost lives, the millions of dollars in property destruction and the widespread inconvenience caused by the severing of four of the region's busiest highways, daily arteries for hundreds of thousands of commuters.

Only someone who has been through an earthquake can possibly understand the terror it brings. In the days and weeks to come, the slightest noise in the night—the creak of a screen door, the flapping of a shutter—will bring residents of the San Fernando Valley fully awake, hearts quivering. They, better than most of us, will understand the precariousness of human life on the edge of nature's immense, imponderable forces.

—THE NEW YORK TIMES

Other Comment

Election Year for Germany

As Germany launches into a year of 19 local, state, national and European Union elections, Chancellor Helmut Kohl must wonder in his darker moments if he is fated to be a Margaret Thatcher or a George Bush. His Christian Democratic Union could dump him, Thatcher-fashion, after an anticipated poor showing in Lower Saxony in March. Or, much more likely, the CDU could be defeated, Bush-style, in October federal elections.

How could the "chancellor of unification" be in such a predicament? For the same reasons the U.S. president who triumphed in the Gulf War could be defeated in a word, recession—a recession compounded by the unexpected burdens of trying to bring the Eastern German

economy up to the comforts of the capitalist West. Like Mr. Bush, Mr. Kohl is hemmed in by huge federal deficits. He is considered indifferent to high unemployment or unable to restore competitiveness. Only Mr. Kohl's record of bouncing back from political pitfalls gives heart to his supporters. Most CDU politicians are preparing for the worst—not knowing precisely what it is.

For Germany's allies, there is at least some assurance in the emergence of a new Social Democratic candidate for chancellor, Rudolph Scharping, who is decidedly centrist in a party too often tilted left. Either he or Mr. Kohl, in some kind of combination or opposition, will be leading Germany at a moment when Europe is in flux. They need to make a success of it.

—The Baltimore Sun



China's Piecemeal Progress Needs Reinforcement

By Miron Mushkat

HONG KONG — China is widely seen as a model for successful transition from a centrally planned to a market-based economy. Piecemeal economic reform has become one of the best known Chinese exports. Many admirers of the concept contrast its effectiveness with the dismal record of Russia's more hurried approach. However, if China is to continue on the path of noninflationary economic growth, drastic action is needed to sustain the momentum.

Gradualism has been most obvious in Chinese cities and towns where the government has taken a step-by-step approach in reforming the industrial sector to reduce the risk of a major dislocation. Beijing maintains that the limited changes in the structure of industrial enterprises have raised productivity without destabilizing the urban economy. But the strategy of piecemeal reform is not the sole factor responsible for China's relative economic success. At critical turning points, the government has also been adept at identifying a "leading sector" to propel the economy forward. It initially focused on agriculture, then shifted attention to township and village enterprises.

The latter have been the most dynamic sector of the economy in recent years, helping to drive a broadly based expansion while at the same time serving as an effective shock absorber. China's economic achievements are not the result of government initiative alone. The economy owes part of its robustness to investments of capital and know-how by Hong Kong and Taiwan entrepreneurs. As a trading partner, financier and

intermediary, Hong Kong has played a particularly important role in the modernization of China.

Even in the domestic arena, the Chinese government has not been the sole agent of change. Bottom-up or spontaneous reform, such as the growth of private banking, has been common in the last 15 years, often reinforcing the effects of the top-down effort. At times it has actually paved the way for government-inspired initiatives.

China's reformist record is far from uniformly impressive. Some poorly conceived institutional arrangements and unsound policies have hindered progress on the economic front. Examples include the sorry state of the banking system in general, the very limited autonomy granted to the People's Bank of China, and the propensity to keep real interest rates negative, thus overstimulating the appetite of enterprises for investment funds.

Fiscal machinery is also malfunctioning, with the central government completely at the mercy of local authorities. The failure of the former to collect its own revenues on a sufficiently large scale is mainly responsible for the massive gap between central government spending and income. As a result, more money is printed and inflation is pushed up.

A problem that has attracted less attention is the labor market. Obsolete practices, which are officially sanctioned, impede labor mobility and provide a disincentive to expansion of labor-intensive production needed to reduce a high rate of unemployment.

The economy is beset by rigidities and policy inertia. An autonomous banking system, promotion of private ownership of the means of production, a code of property rights, a comprehensive set of commercial and criminal laws, and an independent legal system to interpret and enforce the statutes are required to break through these barriers.

China has still managed to achieve solid economic growth. To a considerable extent this reflects the tremendous slack within the industrial sector at the start of the reform program. This enabled sensible halfway measures to produce substantial improvements in productivity.

However, there is a growing realization that such measures have outlived their usefulness. Recent official statements suggest that the Chinese leadership is willing to accelerate the pace of change sharply.

The challenge lies in applying the blueprint for deeper market reform, particularly the fiscal component, in the face of strong resistance from the provinces. They have been offered a carrot in the form of an early end to the austerity program launched last summer. For the time being at least, the provinces appear willing to toe the line. They are likely to flex their muscles again before long in an attempt to prevent an erosion of privileges associated with the status quo. It will be critically important for the central government to prevail in any such clash.

The writer, chief economist for Asia at Lehman Brothers in Hong Kong, contributed this comment to the International Herald Tribune.

Don't Trust the Reports of Supercharged Growth

By Christopher Lingle and Kurt Wickman

SINGAPORE — Figures abound which suggest that growth, after adjustment for inflation, has averaged from 8 to 12 percent in China in the past 15 years. In London, The Economist recently said that the Chinese economy grew at a real rate of some 13 percent in 1992, accelerating to 14 percent in the first half of 1993.

IMF numbers contained in World Economic Outlook (May 1993) imply that real economic growth during the 1980s and early 1990s averaged 10 percent annually. Many of the most bullish comments about China by international financial advisers, fund managers and stock market gurus have been based on such assessments.

But there is something odd about the supercharged figures. China is huge and economically diverse. Government policies have accentuated regional differences. Is it likely that such a large and disparate country should suddenly and for a long time grow at a rate double that of Japan during its high growth period? It is likely that Chinese growth would far outpace that of the smaller and much more homogeneous "miracle economies" elsewhere in East Asia.

A closer look at available data reinforces skepticism. World Bank figures show the Chinese economy growing by about 1 percent a year from 1982 to 1987. That pattern is

confirmed by figures in the World Economic Factbook (1993) compiled by Euromonitor in London. China's annual real growth for 1989-1991 is reported in a more down-to-earth range of 1.7 to 4.8 percent.

The mystery thickens when one examines the IMF data base on China from its International Financial Statistics, published in November. The real growth estimates are quite high, yet are significantly lower than those published in the IMF's own May 1993 report. For several years they even move in different directions.

The IMF publication is obviously not using the IMF data base as a source, but some other data base. It is unclear which one and why.

So why are those supercharged growth statistics for China given so much credence? First, there might be confusion where nominal rather than real growth figures are reported. The Economist's report of 14 percent real growth for the first half of 1993 was made without reliable data on price changes. The most recent published price statistics, including the IMF update in October 1993, cover only the period up to 1991. Real growth forecasts for 1992-1993 are a shot in the dark, with preliminary estimates pointing to inflation rates of 20 to 25

percent. Such rates could even imply negative real growth for China.

A second possibility is that the experience of the booming southern and eastern provinces is extrapolated as the norm for all of China. While the coastal provinces are often referred to as the "tiger" of East Asia, they represent economic conditions very distinct from most of the mainland. They account for no more than 15 percent of the total population.

Thus, the often quoted reference to "1.2 billion Chinese consumers on the threshold of moderate wealth" should be scaled down to between 120 million and 150 million. The numbers are impressive, but they certainly fall short of a gigantic Chinese consumer market. To place this in perspective, anticipated rises in income for Indonesia will produce a similar number of new consumers.

A third possibility arises from the inconsistency of the Chinese economy. Growth estimates are exaggerated when previously unsupported barrier production is converted to monetary

figures. This is a classic problem with GNP estimates. But it becomes especially difficult in countries moving from self-sufficiency under communism toward a market economy.

A fourth possibility is that the very

high growth figures might have been conjured up by Chinese authorities to exaggerate their economic success and legitimize their continued political dominance.

The crude monetary system in China can be expected to go on generating boom-bust cycles in which efficient companies are prevented from getting credits to adjust their production while inefficient state firms are rescued and stocks are built up. Such a policy is not suited for long-term economic growth.

The recent retreat by the Chinese government from austere reflects acceptance of reality. Its position has weakened, relative to the high-growth provinces. Growth in China is extremely uneven. Inflation generated by the high-growth coastal provinces imposes uncompensated price rises on the underdeveloped hinterland provinces. Attempts by the poor and depressed majority to control and tax would be stubbornly resisted by the more prosperous coastal minority.

To avoid the high costs of investing in an unsustainable bubble, estimates of Chinese economic growth should be viewed with skepticism. West Germany has found to its great discomfort how wildly off were estimates of the value of productive assets in the former East Germany. As late as the mid-1980s, per capita income in the Soviet Union was said to be near that of Spain. We know now that this was far from accurate.

The uneven growth that has occurred in China since 1979 points to heightened regional tensions. When combined with other centrifugal forces in such an economically disparate country, these could lead to the breakup of the Chinese state.

The writers are senior fellows in European studies at the National University of Singapore. They contributed this comment to the International Herald Tribune.

1894: Big Man in Cattle

PARIS — M. Malus, a cattle broker, is the victim whose wrongs need attending to. This gentleman, it is said, is one of the heaviest men in the cattle trade. So ponderous is he that he had to have a cart built specially for him to make his rounds in. Worn out with drawing him the horse dropped from exhaustion at Vincennes and yesterday [Jan. 18] M. Malus had to prepare to return to his home by train. When he tried to get through the door he stuck halfway and could neither proceed nor retreat.

1919: A War Inquest

WASHINGTON — The first move toward a sweeping investigation of the War Department took place today [Jan. 17] when Mr. Campbell, Republican, Kansas, introduced a resolution in the House requiring that the House be informed of the reason for the excessive casualties of the Thirty-fifth Division in the Argonne

New Assad? The Proof Is Awaited

By Daniel Pipes

PHILADELPHIA — After their marathon meeting in Geneva on Sunday, Bill Clinton was asked if he felt that Hafez Assad had made a firm commitment to normalize relations with Israel. Without hesitation, President Clinton replied, "The short answer is 'yes.'"

Well, maybe. President Assad's record suggests that it is wise to be skeptical about his intentions. As in the bad old days when he was a Soviet client, he still engages in aggressive activities, aimed mostly at Israel, Turkey, Lebanon and the United States. They include:

- Building up Syrian unconventional military capabilities. Damascus now has thousands of chemical warheads, appears to be on the verge of putting anthrax agents into weapons and is starting nuclear research. Its Scud-C missiles from North Korea can reach most of Israel's population.

- Getting more involved in the drug trade. Top officials participate in trafficking drugs to the West, according to a 1992 congressional report.

- Sponsoring Lebanese and Palestinian groups that attack Israelis, as well as Palestinians who favor Yasser Arafat, and sponsoring the Kurdish Workers Party (PKK), a Marxist group, in its assaults on Turkey.

- Maintaining an alliance with Iran. So close is this bond that the Syrians have distributed counterfeit U.S. currency produced in Iran, according to a report by the House Republican Research Committee.

In short, Mr. Assad's policies have made Syria a rogue state along with Libya, Iraq and Iran. He represents his own people with a harshness second only to Saddam Hussein's.

But while Washington puts pressure on the other rogues states by working to isolate them, it woos Syria. Rather than isolating the regime, it has tried for years to bring Syria into the "family of nations."

American diplomats hold out small bait to encourage cooperation; last month, for example, Syria was allowed to acquire American-made jets. Secretaries of state and other dignitaries travel to Damascus, and now four U.S. presidents have met with Mr. Assad. American companies operate in Syria almost without restrictions.

Mr. Assad has aided the harsh treatment, dealt to Moslems, Christians, and Jews because he is smarter. He makes gestures at the right time and plays complicated double games. He keeps diplomatic links open and accommodates when necessary. For example, he has benefited simply by joining the peace process. This permitted him to devour Lebanon in 1991 without a peep from Washington.

A few months ago, when Turkey protested against Syrian support of Kurdish terrorism, the Syrians replied with scathing indignation: How can you raise such an issue while we're engaged in the peace process with Israel?

What if Mr. Assad, who said on Sunday that "in honor we shall make peace" with Israel, comes through? Then the Arab-Israeli conflict will be nearly over. While Israel will have to leave the Golan Heights, it will have an opportunity to establish stringent safeguards.

And if Mr. Assad's words in Geneva don't add up to much?

If Washington wants real improvements in Syrian behavior, it will have to stop coddling him and confront him with a stark choice: "You're either with us or against us."

Forced to choose sides, if he wholeheartedly travels the American route he would have to close down the anti-Jewish terrorist groups, kick out the fundamentalist groups in Lebanon, stop drug trafficking operations and cad the military buildup.

If he went down the Iranian path, he would find himself on a collision course with America.

He would probably ask himself this question: Which route better assures me and my coreligionist Alawites of continuing to dominate Syrian politics? While the Iranian route would suit his temperament, the American route would hold out more promise.

The American policy of approaching Mr. Assad with great patience and gentle words has produced little more than agreeable promises. If it wants real change, Washington may have to adopt the sort of tough policy that this canny despot understands.

The writer, director of the Middle East Council, a research organization, and author of "Greece, Syria, and Damascus: Confronting the Past," contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

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Forest. The resolution was referred to the rules committee where Representative Campbell intends to have it broadened to include an inquiry into all alleged abuses which have been the subject of recent criticism.

1944: Churchill Returns

LONDON — [From our New York edition:] Prime Minister Churchill returned to London from North Africa today [Jan. 18] after a nine weeks' absence and within a little more than an hour after stepping from his special train he was talking the House of Commons, in reply to members who asked eagerly if he would delegate more work to spare his health, that he had "no changes to propose at present" in his routine. He said he would like to make a statement on the situation in all war theaters, but appealed for "more latitude about the actual date." It was learned this evening that Mr. Churchill will not make his statement on the war situation until next month.

International Herald Tribune

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OPINION

Replace the Nuclear Umbrella

WASHINGTON — Just as the recent NATO summit meeting was a reminder that the world faces a future in which the United States has become the sole global power, it likewise signals that it is time to re-examine the role and place of strategic nuclear weapons in American security policy.

With the dissolution of the Soviet Union and the division of its nuclear forces, the concerns of U.S. strategic planning have shifted from a single nuclear threat to a complex international situation from Iraq to Ukraine to North Korea.

Smart conventional weapons — safer and more flexible than nuclear weapons — might provide a more credible deterrent.

rea — where regional aggression is more likely than it has been since before World War II.

Experience, including the Gulf War, teaches us that nuclear weapons are unlikely to be useful in deterring aggression in these circumstances. Rather than rely on them, therefore, the United States should consider what might seem at first glance a step backward: converting its principal strategic deterrent from nuclear weapons to a more credible deterrent based at least in part upon "smart" conventional weapons. It is a shift that could be justified as a solidly rational approach to a new security strategy and equally so as a morally correct foreign policy choice.

The case for choosing strategic, high-precision conventional weapons over strategic nuclear weapons is clear. They are safer, cause less collateral damage and pose less threat of escalation than do nuclear weapons. Thus they offer far greater flexibility in a variety of situations where use of any sort of nuclear weapon would be politically or militarily impractical.

The principal challenges to reliance on strategic conventional weapons are also clear. Can they adequately carry out their combat missions? If so, will that fact deter aggression as effectively as nuclear weapons appear to have done? I believe the answers to these questions are, in general, positive.

The Gulf War offered a spectacular demonstration of the potential effectiveness of smart weapons used in a strategic role. Against Iraq, such weapons rapidly rendered useless the military forces of a powerful dictator, in particular by neutralizing his command, control and communications facilities. At the same time, the Gulf War showed the limited value of nuclear weapons in deterring aggression.

I would argue that there was no useful role for nuclear weapons for anyone in the Gulf War; Iraq could and did simply ignore allied nuclear weapons as virtually chimerical, even when it attacked Israel. Likewise, Iraq would have gained little by employing a nuclear device. For him to have used such a nuclear capability as he might have developed would merely have reinforced the determination of the major powers to eliminate him.

It is also true that a nuclear capability in Saddam's hands might have undermined U.S. efforts to force him to behave responsibly. Nuclear weapons used in desperation, or in a wild plan of revenge against Israel, could have resulted in great human tragedy. We cannot know whether or not Saddam would have used nuclear weapons had he possessed them. But we also cannot know whether the allied nuclear threat could ever be counted

By Paul H. Nitze

upon to deter him from using them.

After all, Saddam chose to start a nuclear weapons program in the face of the overwhelming nuclear power of the states arrayed against him, including the Israelis he sought to provoke. There was no logical reason for Iraq to build a nuclear weapon outside of this threat of irresponsible behavior: the looming threat of a wild-card, regional nuclear power. To my mind, Saddam's decision to embark on a nuclear program itself shows that there was no nuclear deterrent at play in Iraq's evaluation of the strategic situation in the Gulf.

After the Gulf War, as its lessons are digested by all nations, one message rings loud and clear: The United States, when provoked, can and will use strategic conventional weapons against whatever targets it considers appropriate.

Understanding this lesson may offer us a way to create the first credible and therefore useful strategic deterrent we have seen since the early days of the nuclear era. It may be that conventional strategic weapons will one day perform their primary mission of deterrence in a manner that is more practical and more effective than nuclear weapons if only because we can — and will — use them.

It is vitally important that we understand the effectiveness and limitations of strategic conventional weapons. Unfortunately, much public and professional discussion has been superficial. Yet it is a highly encouraging development for America that, for the first time, it might reasonably contemplate making nuclear weapons largely obsolete for the most practical and fundamental strategic missions.

The U.S. government should consciously decide to pursue the conversion of its strategic deterrent from nuclear to conventional weapons; and to begin now to decide not whether, but in what manner, this conversion will take place.

But first, the truth about smart weapons must be established. Even

though advanced conventional weapons appear to have performed well in combat, we must be careful as we evaluate how good a model the Gulf War provided for understanding the future utility of such weapons as a deterrent.

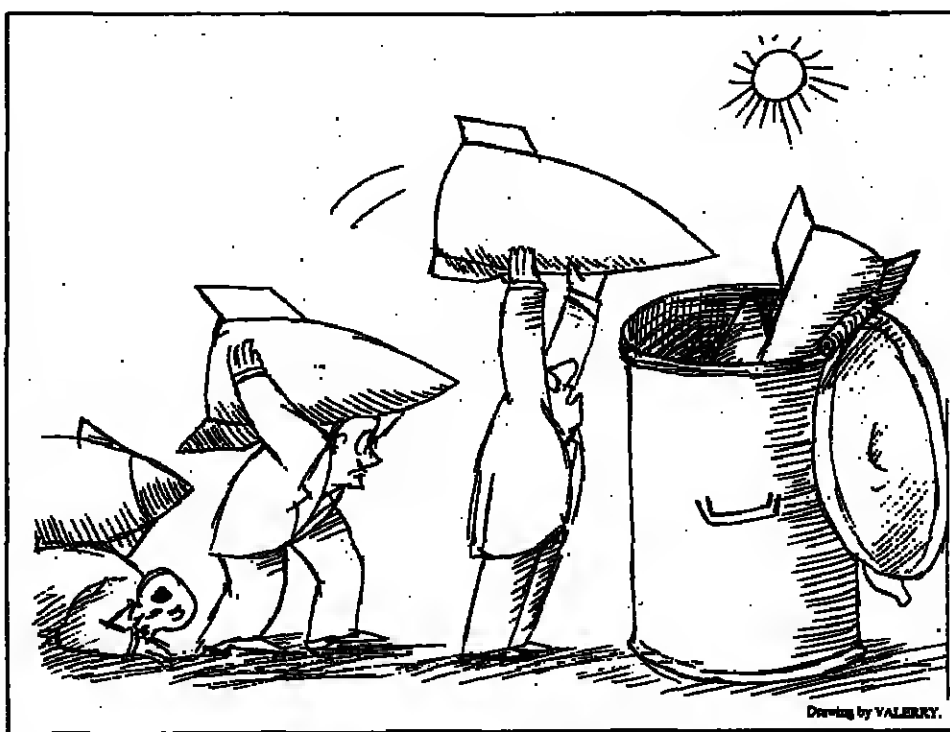
To much of the world viewing the Gulf War on television, smart weapons appeared a miracle weapon, capable of doing the job with little loss of military personnel and limited civilian losses. But this may be an unreasonable perception at the current stage of strategic conventional weapons development.

The lessons of the military utility of nuclear weapons must also be re-examined and frankly acknowledged. We will never be certain what has deterred the use of nuclear weapons since 1945. We can speculate that the strategic nuclear arsenal in their morbid way did stave off the use of these weapons, that mutually assured destruction may have prevented the use of nuclear weapons against other nuclear powers. But in using nuclear weapons has never entirely been ruled out, and much of the debate of operational nuclear strategy during the Cold War reflected this reality.

What inhibited the American use of nuclear weapons was clearly sensitivity to the implications of the destructiveness of such weapons. And however much U.S. military doctrine asserted otherwise, their use was never an easy option to the United States, and some troublesome governments have known this and exploited it as a weakness in U.S. military posture.

While the McNamara-era decision to move toward flexible response certainly led to a more credible U.S. military presence and deterrence for some situations, it did not improve the strategic deterrent. The United States was left with an enormous investment in a nuclear arsenal of limited use except in possibly deterring a nuclear attack by the Soviet Union directly against the United States. It was a one-use strategic deterrent.

Developing true strategic conventional weapons offers a flexible



Trying to Make Sense Of the Member Mania

By Joann Byrd

WASHINGTON — Fast-forward to the far-far-distant future. Archaeologists are digging up this civilization.

The team charged with looking at newspapers and television, film and radio tapes begins its report.

"The word 'penis' first appeared in American media on

MEANWHILE

June 24, 1993. By actual count, the word and its assorted (usually, we must say, infantile) euphemisms appeared 47,896,451 times in the seven months following the breach of that taste barrier.

"(See 'First Publication of Word Condom,' 1996. Note absence of discussion of newspapers' long-standing, routine references to parts of female anatomy — i.e., vagina and breast.)

"This development coincided with the peculiar penchant of news media in the last decades of the 20th century to engage in what was then known as a 'feeding frenzy.'

"The result was that the media went berserk over one particularly notorious penis, that belonging to a man named Bobbitt. Even newspapers that usually favored important national issues put this saga on their front pages. This provided journalistic cover for less serious media to exploit the most salacious elements of the story.

"We are at a loss to explain why the media became obsessed with this story."

Note to archaeologists: Take your pick from the following:

• There is the significance explanation: The sad marriage of John and Lorena Bobbitt was the 1993 exemplar of ancient and abiding gender wars and an available illustration of what must be a

multitude of private horrors normally hidden from public view.

• Or the primal justification: It was news because so many men identified so intensely with the possibility of a penis being severed. And so many women, especially those who have been raped and battered, readily saw their own fantasies of retribution carried out. The story struck readers and viewers (and journalists) in instant and visceral ways.

• And what follows from that, the male editor theory: This media spectacle was generated by and focused on the penis-cutting and not on the rape that Lorena Bobbitt says brought her to take up the knife (and which a jury said prosecutors did not prove). People making the biggest news judgments are usually men.

• The man-bites-dog rationale: According to the prevailing assumption, women are only the victims, never the perpetrators, of domestic violence.

• The deeper-than-it-looks reasoning: This story was the morality narrative of two wrongs. And the tale of blameworthy victims. And a classic about the struggle for power. It involves readers in ambivalence and thought and debate.

• The everybody-is-talking-about-it excuse: Well, anyway, a lot of people were.

• And finally, you've got the speculation of people who find the media circus disgusting. Some respectable people love to hate every word of such junk. This was an inherently sensational story. And if it was legitimately about brutality, it was saturated with sex.

Maybe all these explanations were at work in the world's media.

The Washington Post's readers, for example, got straight-faced, sober police and trial and medical reporting. And attempts to find some broader meaning (with varying success) in the events and the public reaction to them. But readers also got snickers and puns and innuendo and one-liners that once would have gotten an adolescent's month washed out.

In 58 stories about the Bobbitts and 40 other references to the case, The Post covered all possibilities from cautious documentation to ribald amusement. And so did the other media. Does that mean that there was no reason for the frenzy, but every reason for it?

P.S. to archaeologists: If this media circus is still going on in your century, I suggest that you call in your genetic engineers. Maybe they can end all of it by identifying and then eliminating the gene for voyeurism.

The Washington Post.

LETTERS TO THE EDITOR

A Limited Partnership

Regarding "A U.S. Foreign Policy Named Boris Yeltsin" (Opinion, Jan. 4):

William Pfaff has correctly analyzed arguments about the North Atlantic Treaty Organization and the countries of Central and Eastern Europe. What these countries wanted was a guarantee of security. What they received was far less.

The U.S.-inspired Partnership for Peace plan is a concession to President Boris Yeltsin's objections, reflecting the fear that treating countries like Poland as allies will strengthen Communist-nationalist opposition to Mr. Yeltsin's promised reforms.

But what guarantee is there that American diplomatic engineering will actually help produce a truly democratic Russia? And since when has appeasement successfully tranquilized the people we fear? Is it not likely, on the contrary, that Russian nationalists will draw encouragement from the fact that the West seems to have recognized their importance?

The countries of Central and Eastern Europe, meanwhile, are left indefinitely in a limbo of insecurity. The immediate interests of the West's natural allies are being ignored for the sake of the still doubtful prospect of Russia's conversion to Western ways.

The Polish ambassador in Brussels put it succinctly and with pathos: "We have no allies."

KEVIN RUANE,
Verrier, Switzerland.

A European War

Regarding "Let Europe See to Bosnia" (Letters, Jan. 11):

I agree 100 percent with Gerald R. Hastings. Why must the people of North America be asked for the third time in this century to come over and fight Europe's wars, which have been caused by what might best be described as the bankruptcy of European politics?

GEORGE KYLE,
Nico.

Checkered History

Regarding "Croatia and Its Symbols" (Letters, Dec. 7) from Tajana Thaler Former:

Notwithstanding the centuries-long history of Croatia's checkered coat of arms, it was last widely displayed during World War II by the Nazi-backed Ustashi regime. To the survivors of the Ustashi genocide of Serbs and Jews, the emblem is comparable to the Nazi swastika.

GEORGE TINTOR,
London.

Standing Up to Serbs

From the start of the Bosnian war, it has been a win-win situation for the Serbs, since the Western community never even discussed whether the Serbs should return all of the territories conquered, but only how much they could keep.

Both the Croats and the Muslims lose under current proposals. The Muslims seem to have more

stomach for fighting on, while the Croatian government is always looking for compromises. As a Croat, I envy the Bosnian people their leadership, which is not afraid to fight even against overwhelming odds, especially since the Bosnians have to fight both Croats and Serbs.

Although Croatia has created for itself an additional enemy in Bosnia (the Muslims), only Croats and the Muslims united have a chance to stand up to the Serbians' dreams of expansion at the expense of other ex-Yugoslav people.

STEFAN BALOG,
Warren, Michigan.

The Poverty Industry

Regarding "A Success in Helping the Poor" (Opinion, Dec. 21) by Jessica Mathews:

As a technical adviser living in Bangladesh, I know the Grameen Bank is indeed a huge success in helping the poor. This leads to a question: Why does Bangladesh not publicize this success story? Bangladesh sells its poverty for the same reason that Saudi Arabia does: They have a lot of it. In the international market, poverty is not usually thought to have value, yet

Letters intended for publication should be addressed to "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Bangladesh has turned it into a billion-dollar industry. According to government figures, the total aid commitment to Bangladesh since independence is \$30.5 billion.

The only problem with this ingenious entrepreneurship is that Bangladesh has cast itself in the permanent role of "desperately poor country." By reducing poverty, the Grameen Bank inadvertently threatens the flow of foreign aid, and the livelihoods of tens of thousands of "development" bureaucrats, both Bangladeshi and expatriate.

It is interesting that the U.S. Agency for International Development, which provides almost \$40 million annually to Bangladesh, only managed to pledge \$2 million to the Grameen Bank.

PATRICK DOUGHERTY,
Dhaka, Bangladesh.

Good Sense and Law

Regarding an item in "Away From Politics" (Dec. 21):

So, a St. Louis circuit court jury awards \$750,000 in "actual" damages to a woman injured by a

speeding Domino's Pizza delivery truck; that's fine. But now the madness: They also award her \$78 million in punitive damages!

When will this insanity stop? Lawyers and judges have made a mockery of the U.S. legal system by allowing such ludicrous judgments to become commonplace.

It is disturbing to see no end to this trend. The legal system needs a major overhaul and a good shot of plain "common sense."

SAMI-VICTOR ELIAS,
Orsay, France.

The Commerzbank report on German business and finance

Germany's economic woes will abate only slightly in 1994

Western Germany's current recession has exposed the economy's structural weaknesses. High labor costs and taxes, as well as overregulated labor and product markets, are often pinpointed as the key problems. Breakthroughs are clearly needed in these areas in order to improve the growth of potential output and reduce unemployment.

The impression is sometimes created that the German economy is heading for protracted stagnation unless these problems are tackled. But there are good reasons to believe that the decline in industrial production or GDP and the subsequent fall in employment and business investment in 1992-93 can largely be attributed to cyclical forces.

Heavy burden on private sector

The downturn was triggered by the sustained fall in foreign demand and the clash between wage policy and monetary policy in 1991-92, which resulted in a sharp profit squeeze and a scaling-down of investment plans. In addition, the government's policy since 1991 of raising taxes and social security contributions plays an important role. This year alone, the burden on the private sector will be roughly DM 40 billion heavier. And in 1995 the solidarity surcharge will be reintroduced (DM 28 billion). This is definitely a structural impediment to growth but the only new one to have arisen in recent years.

Fiscal consolidation, a further decline in employment and wage increases below the expected inflation rate will contribute to a further fall in real private consumption. It is highly uncertain how

"Economic recovery will be led by business investment and an export revival."

far private households will continue to maintain their living standards by saving less. A recovery will therefore have to be led by business investment and exports, with residential construction continuing to be a stabilizing factor.

Business investment fell sharply in 1993 but its share in GDP was still higher than in the 1981/82 recession and even higher than during the early phase of the previous upswing. Low interest rates and wage increases, as well as extensive cost-cutting and rationalization measures, provide a basis for a rebound in investment activity.

Whether exports pick up, however, will depend on the timing of the recovery in other parts of Western Europe. Furthermore, it is uncertain how strongly the very uneven appreciation of the D-mark vis-à-vis other European currencies will reduce demand for German products. Export expectations as well as incoming foreign orders suggest that an export revival is just round the corner. The more the recovery worldwide is driven by business investment — as is currently the case in the U.S. — the more German producers will benefit.

Whereas the debate on the timing and the sources of the recovery is reasonable,

great precision about numbers is not. Due to separate national accounts for eastern and western Germany and changes in the measurement of intra-EC trade, the margin of error for real GDP is now more than one percentage point in either direction. The best current estimate is a growth rate for western Germany close to zero on average in 1994, and a somewhat better performance in a year-end comparison. The risks may be compounded by the large number of elections which Germany faces this year; on the positive side, the eastern German economy could well be more buoyant.

No matter what the exact outcome for growth is in 1994, the situation in the

Outlook for the German economy

At 1991 prices, percentage change in real gross domestic product (GDP); unless otherwise indicated, percentage change on year

	1993	1994	1995	1996
Western Germany	-1.5	1.5	2.1	1.5
Eastern Germany	-1.5	0.8	1.2	0.5
Germany (incl. East)	-1.5	1.2	1.7	1.0
Exports	3.0	3.0	3.0	3.0
Imports	3.0	3.0	3.0	3.0
Investment	3.0	3.0	3.0	3.0
Consumption	3.0	3.0	3.0	3.0
GDP	3.0	3.0	3.0	3.0
Unemployment	11.5	11.5	11.5	11.5
Government deficit	4.2	4.2	4.2	4.2
Current account	3.0	3.0	3.0	3.0
Public debt	3.0	3.0	3.0	3.0

1. All figures in %

labor market will deteriorate further. This pressing economic problem calls for sweeping changes in government policies, but above all in the agreements reached between employers and unions. Some progress is already evident here — the first step towards a better future.

COMMERZBANK German know-how in global finance

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CHAINED TOGETHER: Mandela, de Klerk and the Struggle to Remake South Africa

By David Ottaway. 291 pages. \$25. Times Books.

Reviewed by Mark Mathabane

IN April South Africa, armed with a new nonracial and non-sectarian constitution, will rendezvous with its political destiny when elections are held ushering in black majority rule, ending more than 300 years of white domination and oppression. The two leaders who launched this historic process are the subject of a luminous and absorbing book, "Chained Together:

Mandela, de Klerk, and the Struggle to Remake South Africa."

With a keen eye for telling subtleties, David Ottaway, a Washington Post correspondent, analyzes the dramatic events and constellation of players surrounding South Africa's roller-coaster ride to democracy, which began with Nelson Mandela, the imprisoned African National Congress leader, holding secret talks with his captors, among them President de Klerk. The talks laid the groundwork for Mandela's release and for negotiations between the apartheid regime and its foes. Mandela, impressed by de Klerk, characterized him as "a man of integrity" blacks could trust and do business with.

Euphoric outlooks started describing the two leaders in terms

redolent with hope for the future: statesmen, allies, co-peacemakers, visionaries. Yet Mandela and de Klerk quickly degenerated into politicians and partisans. They bickered over the causes of and responses to black violence, they reneged on important promises. They spent more time catering to the parochial interests of their respective groups than heading a divided nation menaced by civil war.

At times their feuding made a mockery of the various peace awards the world community was bestowing on them, including the 1993 Nobel Peace Prize. Yet, they continued negotiating, aware that despite their mutual animus and distrust, they needed each other for political survival and to prevent the country from exploding.

Was the relationship between Mandela and de Klerk doomed by the forces they had unleashed but could not control, or is South Africa's chaos and bloodletting partly of their making?

For answers Ottaway scrutinizes the personal and political histories of the two leaders. He probes their respective origins, their rise to power, their styles of leadership, the nature of the parties they lead, their mistakes, the pressure they came under, the squandered opportunities.

We see in Mandela, "The Revolutionary Chief," and de Klerk, "The Calvinist Reformer," two strong-willed yet pragmatic men, at once autocratic and democratic, more adored abroad than at home, beholden to their respective power bases and professing party loyalty and yet with a penchant for reaching momentous decisions on their own.

Around de Klerk and Mandela is a gallery of participants in South Africa's unfolding drama. The Zulu leader Mangosuthu Buthe, Mandela's main rival for

black votes if he participates in elections, champions a capitalist and decentralized government while exploiting tribalism to hold on to his fiefdom. Black radicals, with their slogan of "one bullet, one settler," want immediate and total white surrender. Neofascist clamor for a whites-only homeland. Diehard Marxists within the South African Communist Party cling to communism despite its demise worldwide, and see an ANC victory as prelude to a socialist revolution. Various homeland leaders, drunk with corruption and despotic power, oppose the reincorporation of their archipelagos of misery and poverty into a unified South Africa.

Mark Mathabane, author of "Raffi Boy," wrote this for The Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 1,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

THE WEEK

1 THE BRIDGES OF MADISON COUNTY, by Robert James Waller 2 75

2 SLOW WALTZ IN CEGAR BEND, by Robert James Waller 1 11

3 NIGHTMARES & DREAMS: CAVES by Stephen King 3 14

4 THE CLIENT, by John Grisham 5 44

5 WITHOUT REMORSE, by Tom Clancy 4 21

6 LIKE WATER FOR CHOCOLATE, by Laura Esquivel 6 40

7 THE HOPE, by Herman Wouk 10 6

8 LASHER, by Anne Rice 7 16

9 THE BOOK OF GUY, by Charles Kelley 8 5

10 MR. MURDER, by Dean Kootz 9 10

11 A DANGEROUS FOR TUNE, by Ken Follet 11 12

12 THE TRUCE AT BAKURA, by Kathy Acker 15 7

13 THE ROBER ARIDE, by Margaret Atwood 6 6

14 THE GOLDEN MEAN, by Nick Hornby 16 16

15 SMITH'S SENSE OF SHOW, by Peter Hoeg 4 4

NONFICTION

1 THE BOOK OF VIRTUES, by William I. Bennett 7 4

2 PRIVATE PARTS, by Howard Stern 2 13

3 SEE, I TOLD YOU SO, by Ruth H. Limbaugh Jr. 1 9

4 EMBRACED BY THE LIGHT, by Betty J. Eadie 9 36

5 THE HOODS: LIFE OF DOGS, by Elizabeth Marshall Smith 4 21

6 SEINLAUGHE, by Jerry Seinfeld 3 19

7 WOULD'NT TAKE NOTHING FOR MY JOURNEY NOW, by Maya Angelou 5 15

8 HAVING OUR SAY, by Sarah and A. Elizabeth Delany 8 7

9 LOVE CAN BUILD A BRIDGE, by Naomi Judd 2 6

10 WOMEN WHO RUN WITH THE WOLVES, by Clarissa Pinkola Estés 12 75

11 FURTHER ALONG THE ROAD, LESS TRAVELED, by M. Scott Peck 13 15

12 A MARRIAGE MADE IN HEAVEN, OR TOO TIRED FOR AN AFFAIR, by Erma Bomberg 10 15

13 A HISTORY OF GOD, by Karen Armstrong 1 1

14 MAYBE (MAYBE NOT), by Robert Fulford 1 1

15 FLY FISHING THROUGH THE MIDDLE CRISIS, by Howell Raines 1 1

ADVICE, HOW-TO AND MISCELLANEOUS

1 ACHES, BOOY, TIME-LESS MIND, by Despak Chopra 1 25

2 STOP THE INSANITY! by Susan Power 12 12

3 MEN ARE FROM MARKS WOMEN ARE FROM VENUS, by John Gray 4 34

4 AND IF YOU'VE GOT IT, YOU'RE MY FRIEND, by Harvey Frisch with Bud Sharke 2 9

AFTERSHOCK / THE MOUNTING TOLL

Economists Fear Long-Term Effects

Catastrophe May Diminish Lure of Southern California

By John M. Berry

Washington Post Service

While experts estimate that public and private property losses from the earthquake will exceed \$7 billion, they say that the long-term economic damage could be even worse.

The Southern California economy has suffered a series of recent shocks — fires, mud slides, riots, falling real estate values and a devastating decline in its defense industries — that pushed unemployment into double digits and undermined confidence among consumers and business executives that the area could return to boom times.

Spending to clean up and repair the quake's damage, including likely federal government assistance, should give the recession-plagued economy a boost.

The question is whether that spending will be enough to offset the economic impact of the quake's psychological trauma on the region's residents. Some officials and analysts expressed fear that the earthquake may be the sort of straw-that-broke-the-camel's-back event that convinces many already-skeptical people that Southern California is simply not a place in which to live or do business.

"My heart is sinking," said Senator Barbara Boxer, a Democrat, in a television interview. "We had just turned a corner in California, with riots and fires and everything that has occurred in these past few years, so it is very disheartening."

A major concern among business thinking of relocating to

other areas has been the region's severe congestion, with employees spending hours commuting on the network of freeways that are its transportation lifelines. Damage to several freeways, including the Santa Monica Freeway that carries traffic west from central Los Angeles, will mean even worse traffic jams on alternative routes for many weeks to come.

Damage Estimates Rising
U.S. insurance industry officials said Tuesday that the property damage caused by the quake would far exceed the \$7 billion caused in the 1989 San Francisco quake, news agencies reported.

But American insurance companies expect to come through the Los Angeles quake in good shape because buying earthquake insurance is so expensive.

This means that many people forgo the insurance. Of the \$7 billion in damage caused by the 1989 temblor in San Francisco, only \$360 million was covered by insurance.

Major insurers include State Farm, the largest insurer in California; Farmers, a subsidiary of the British company BAT, and Fireman's Fund, a subsidiary of the German insurer Allianz.

Lloyd's of London, the world's largest insurance market, said the earthquake could cost insurers as much as \$6 billion, a spokesman said Tuesday.

But initial estimates of insured losses by other industry analysts, including Munich Re, the world's largest reinsurance company, were around \$1 billion. (AFP, Reuters)

Picking Up the Pieces at the Epicenter

By Alan C. Miller

and Leslie Berger

Los Angeles Times Service

LOS ANGELES — Portions of the mall collapsed. The roof on the university's library caved in. Smoke billowed from buildings and streets as residents of Northridge, the epicenter of Monday's earthquake, took to their roofs with hoses to fight flames.

Northridge, a suburb 20 miles (30 kilometers) northwest of downtown Los Angeles, was the scene of almost half of the fatalities, several miracle rescues, and in general, wholesale devastation.

Nowhere was the toll of the temblor more evident than at the Northridge Meadow apartments, where a three-story apartment building lurched six feet (about 2 meters) to one side before collapsing into its first floor. At least 16 people died, and others were trapped for hours.

But the disaster also wreaked havoc on California State University-Northridge, the Northridge Fashion Center and many residential streets in the suburb, which has a population of 65,000.

"It used to be good here," said Joseph Monjin, a Northridge resident. "I think it's still going to be good. But let's wait and see if we're done."

After a series of aftershocks over the following 24 hours, he said, "We're not done yet."

At Cal State-Northridge, fires erupted in chemical-laden science buildings, a four-level parking garage collapsed and chunks of the library roof fell off.

A damage estimate was not expected until later, but the library is a prized facility, housing a \$2 million robotic retrieval system — dubbed Leviathan II — and is considered the world's first fully automated library.

No dollar estimates could be placed on the fear emanating from the sprawling campus as black smoke rose Monday from multiple blazes in three science buildings where hazardous and low-level radioactive materials are stored. The blazes were spread when explosions blew out windows.

University officials sealed off the area temporarily, fearful that hazardous substances might be released into the air. In one of the few pieces of good news, fire officials managed to contain the flames before they reached the radioactive substances.

A load of sulfuric acid spilled, however, when the quake jolted four locomotives and 24 cars of a freight train off its tracks south of the Northridge Fashion Center, prompting an emergency cleanup effort.

And on a Northridge street, an oil line exploded, the resulting fire burning rows of parked cars.



A National Guardsman and rescue workers outside a Northridge apartment building that collapsed, killing 16 people there.

For Many Japanese, Worried Fascination

Baghdad Sees 'God's Wrath'

Compiled by Our Staff From Dispatches

TOKYO — Japanese stayed glued to their television screens overnight, watching pictures of the Los Angeles earthquake and knowing that the scenes of devastation could be duplicated on Japanese soil at any time.

Like Los Angeles, the heavily populated Tokyo region is a seismic high danger zone where, scientists say, a huge quake is likely sooner rather than later.

Japan planned to offer some sort of relief assistance to victims of the latest Los Angeles, Tokyo's chief spokesman said Tuesday.

Despite Japan's huge seismological resources, no one can say when a major jolt might come. "With the technology we have today, it is impossible to predict when and where a major earthquake will occur," said Hiroshi Arima, of the Central Meteorological Agency, said Tuesday.

"We have constantly been striving to improve our prediction ability," said Shigeo Mori, of the meteorological agency. "But this Los Angeles earthquake has certainly prompted us to think more about the need for sophisticated prediction technology."

Japan has about 170 seismographs across the country. They detect movements in the Earth's crust and feed data to a central computer in Tokyo, Mr. Mori said.

Other countries that responded to the deadly earthquake included Russia and Germany. In Moscow, President Boris N. Yeltsin sent a message of condolences through President Clinton to the families of those killed.

Mr. Yeltsin said he was certain that Americans' native determination and toughness would enable them to recover quickly from the disaster.

In Berlin, Mayor Eberhard Diepgen, saying the German capital could never forget U.S. support for Berlin during the Cold War, said Tuesday that the city was collecting donations for victims of the earthquake.

But in Baghdad, an official newspaper called the earthquake the "wrath of God" and "the curse of the Iraqis" against the United States for the Gulf War, which began just three years ago.

Adding to the denunciation by Babel, a newspaper run by the president's son, Uday Hussein, a television channel also owned by the eldest son of President Saddam Hussein, said it was "God's fury at America" for the Gulf War, begun Jan. 17, 1991. (Reuters, AFP)

They used the networks to ask strangers around the country to relay messages by telephone to friends and relatives. Hundreds of computer users had posted messages on the networks offering to relay messages.

Robert Davidson, who signed his message "Desperate in New Jersey," sent out a plea over the Prodigy network at 11:34 A.M. eastern standard time, asking: "If you have any information about conditions in Northridge, the epicenter of the quake, please write back. We cannot reach our relatives there and are extremely worried about them. They live on Olympia Road."

Just three minutes later, he received a reassuring response over the network from Eric Ruderman.

"My aunt and uncle in Northridge report a lot of glass breakage etc. in the kitchen but no real structural damage visible in the neighborhood," Mr. Ruderman said.

A spokesman for the Prodigy network said that more than 4,000 messages had been exchanged by mid-afternoon after it established a special earthquake forum for the messages.

But the convictions were set aside on appeal in 1990 after hearings into whether the jury was biased by Mr. North's televised testimony before Congress in 1987. Mr. North gave that testimony on condition that he be immune from prosecution for any statements he made. Prosecutors were unable to prove his convictions had not been tainted by the congressional testimony.

Mr. North is preparing to run for the U.S. Senate from Virginia.

Mr. Foudintex was convicted of lying to Congress and seeking to cover up the affair. He was sentenced to six months in prison, but the conviction was reversed in 1991.

These are among the key findings of Mr. Walsh's 536-page report.

• Mr. Reagan "set the stage" for illegal activities of his aides. He ordered "in general terms" illegal efforts to aid the Contras and authorized the illegal sale of arms to Iran.

• The sale of arms to Iran violated government policy and may have violated the Arms Export Control Act.

• Secretary of State George P. Shultz, Mr. Weinberger and Mr. Reagan withheld information that would have given Congress a clearer idea of the scope of the scandal.

• Contrary to his public statements, Mr. Bush, as vice president, was fully aware of the Iran arms sale and efforts to raise money for the Nicaraguan rebels from third countries. There was no evidence, however, that Mr. Bush broke any laws.

• Several Reagan administration officials systematically withheld a large volume of documents relevant to the investigation. Notes kept by Mr. Reagan, Mr. Shultz and Mr. Weinberger during the scandal were withheld until late in the investigation.

• Reagan administration officials deliberately deceived the Congress and the public about the level and extent of official knowledge of support for Mr. North's operations.

• Mr. Meese falsely stated that Mr. Reagan did not know about a 1985 Hawk missile shipment to Iran at the time of the shipment. Mr. Walsh considered prosecuting Mr. Meese in 1992 for making a false statement but concluded that the passage of time would make it difficult to prove the case.

The final report states that President Reagan generally authorized both the arms sales and military aid and "knowingly participated or at least acquiesced" in a cover-up by his senior aides.

But it concluded that there was "no credible evidence that President Reagan violated any criminal statute."

Mr. Reagan "set the stage for the illegal activities of others by encouraging and in general terms ordering military aid to the Contras, the report said.

Mr. Inman attacked what he called "the new McCarthyism" in public life in Washington, a reference to the 1950s era of Senator Joseph McCarthy and his strident campaign to rid the country of communists.

Some Senate aides, speaking anonymously, said that one of Mr. Inman's problems was a tempera-

ment that made him unable to hear the rough and tumble of public life. "Without solid bipartisan support from the leadership at the outset, I bring no special qualifications to the prospective job," Mr. Inman wrote in his letter to Mr. Clinton.

At the news conference, Mr. Inman strongly renewed his endorsement of the president's views on defense, saying that there was "absolutely no daylight" between himself and Mr. Clinton on military issues. The White House has faced criticism on a range of questions including homosexuals in the armed forces and cuts in defense spending that many specialists contend are too deep.

Mr. Inman attacked what he called "the new McCarthyism" in public life in Washington, a reference to the 1950s era of Senator Joseph McCarthy and his strident campaign to rid the country of communists.

QUAKE: Violent Aftershocks Hit Los Angeles as Search for Survivors Goes On, Damage Exceeds \$7 Billion

Continued from Page 1

for the area's 9 million residents was likely to be disrupted for up to a year or more.

With nearly 3 million vehicles using more than 600 miles (970 kilometers) of freeway in Los Angeles during the evening rush hour, the city's residents are extraordinarily dependent on main highway arteries.

The city's new subway line, the Metro Red Line, which opened last January, is expected to offer little help. It runs through about four miles of downtown Los Angeles, from Union Station to MacArthur Park.

The area's Metrolink commuter

trains operated on Tuesday, although some stations and stretches of track that were damaged were closed.

The freeways alone could cost hundreds of millions of dollars to rebuild. And Governor Pete Wilson said it could take a year to repair some vital roads.

"You don't want to rush and risk it falling again," he said.

Bill Iwan, chairman of the state Seismic and Governor Pete Wilson said the damage was disturbingly similar to that caused by the 1971 quake, despite new earthquake standards and the reinforcement of highway bridges.

For the most part, the region was

peaceful overnight Monday as residents remained calm even as aftershocks reverberated.

The police enforced a dusk-to-dawn curfew and arrested 73 people for "quake related incidents," including breaking the curfew and looting. To help keep the peace, 1,500 members of the National Guard were activated.

More than 200 people remained hospitalized. At most hospitals, emergency workers and officials said the vast majority of injuries were caused when people tried to get out of their homes.

Serious water damage, gas leaks and power outages forced the 377-bed Olive View Medical Center to

evacuate all its patients to other hospitals and clinics.

The hospital was rebuilt, supposedly to withstand earthquakes, on the site of a hospital that was destroyed in the 1971 earthquake.

More than a hundred fires broke out after the temblor, destroying businesses and leaving more than 15,000 people homeless.

The U.S. secretary of housing and urban development, Henry G. Cisneros, and the transportation secretary, Federico F. Peña, arrived in Los Angeles offering federal financial aid.

President Bill Clinton declared Southern California a disaster area

on Monday, paving the way for federal aid.

"There will be federal aid of different kinds," Governor Wilson said. He said federal aid could possibly exceed \$100 million.

Mr. Wilson conceded that the federal funds would provide a shot in the arm for Southern California's depressed economy.

"It's a hell of a way to do it," he added.

Many residents were too frightened to return home and flocked to tent cities in fields and parks.

People huddled in chilly temperatures in sleeping bags and tried to stay calm by playing cards, listening to music and even barbecuing meals. Some took refuge in automobiles.

The authorities set up dozens of shelters for people left homeless, while the Red Cross appealed for donations.

Scientists from the California Institute of Technology said the earthquake occurred on the Oak Ridge fault, an east-west line running from the San Fernando Valley to the Pacific Ocean. It has not been active for 200 years, they said.

Lucy Jones, a scientist at the institute, reported 88 aftershocks with a magnitude of 3.0 or greater and said there was a "50-50 chance" that another aftershock of 5.0 or greater would be felt within days. (Reuters, AP, AFP)

GROWTH: U.S. Locomotive Loses Some Steam, but It's Still Out Front

Continued from Page 1

nomix axis run East-West from New York to London to Frankfurt to Tokyo. Another, emerging axis runs in a direction that used to be called North-South, to the most dynamic part of the world in East Asia including China, through Latin America, and on to the countries of Eastern Europe, including Russia, which are struggling to integrate themselves into the Western market system.

These structural shifts, said Neal Soss of the investment bank CS First Boston, mean that even the advanced economies adjusting to the transition need more spending stimulus to turn around — more than the debt-laden governments of the industrial nations are willing to lay out.

"Workers are off balance because of the changes to their world, and they need more time and more security before they spend more," he said. "And in places like Malaysia, Taiwan, and even China, hundreds of millions of workers are entering the world economic system as producers and not consumers. These countries can be locomotives only to the degree that they are willing to run trade deficits — and they're not."

In contrast to the borrow-and-spend devel-

opment model of the 1970s, the emerging nations of Asia and Latin America are financing growth from their own savings or private investment from the industrialized nations, then running trade surpluses with them and using the money to import capital goods. But they are not importing as many consumer bables, which in any case they now can make more cheaply than their advanced competitors.

This puts the U.S. economy on the inside track to export capital goods for the emerging countries' infrastructure in industries where it has always been a leader — computerized telephone switching gear, aircraft or earth-moving machinery, for example. The market is less certain for a variety of goods that would float on a generalized wave of prosperity.

Hence the emergence of the Clinton administration's distinctive U.S. trade policy, a kind of modified mercantilism that seeks to open markets where America has a comparative advantage, whether in Hollywood movies or McDonald's hamburgers, rather than a general policy of free trade pursued for its own sake and that of worldwide expansion.

In that sense, U.S. trade policy has moved closer to most other countries. For a Democratic administration, however, it still poses a di-

lemma because many of the blue-collar jobs that the Democrats' traditional constituencies thought were their birthright are no longer found in Detroit but in manufacturing plants of China or Mexico.

The principal risk to what economists call the consensus forecast is government policy toward this fundamental change and the uncertain business reactions to it — which never show up in the numbers that get factored into economists' forecasting equations. Mr. Giordano feels that if anything, the risk to his steady forecast lies on the upside: "The animal spirits of business could be unleashed after being bottled up for so long."

If that happens, warned Victor Zamowitz of the University of Chicago, chairman of the committee that dates American recessions, an overrebounding economy could start the Federal Reserve worrying seriously enough about a new round of inflation to knock the recovery on the head.

"If each of the big economies gets its own macro policy right and plays by the rules, that's the best anyone can do to restart the world economy," said Paul Krugman of the Massachusetts Institute of Technology. "Curing the recession in Europe and Japan is not up to us."

JAPAN: Tokyo Is Opening Bids on Public Works to Foreign Companies

Continued from Page 1

true to form by opening the market only after extensive *gaishu*, or foreign pressure.

"We did this on our own," he said. He noted that over the past year and a half or so, repeated bid-rigging and bribery scandals have aroused considerable political support within Japan for overhauling the existing, corruption-prone system.

Under the current system, only contractors that are designated by the government may bid on public works projects. The Construction

Ministry and contractors have asserted that the system is designed to assure high-quality construction.

But critics contend that the system encourages companies to bribe politicians so that they will be included among the designated bidders. Moreover, critics say, the companies that get on the designated list often divide up the work by conspiring to rig their bids, adding substantially to taxpayer costs.

Under the new plan, open bidding will begin on April 1, though the rules will cover only the biggest contracts — central government projects valued at the equivalent of \$7.7 million or more and projects sponsored by public corporations valued at \$23.7 million or more.

A point system will be used for rating the

technical competence of all concerns wishing to bid on Japanese projects. The government assessors will count experience at building projects overseas toward a company's rating. But overseas construction work will not necessarily be regarded as equivalent to Japanese construction work.

Even if Washington accepts Tokyo's plan on construction bidding, the two sides remain at odds on how to improve foreign access in the Japanese market for such products as auto parts, telecommunications equipment and insurance. Washington is demanding that goals be set for increasing Japanese imports of foreign goods and services, while Tokyo rejects the idea as involving excessive government interference in the marketplace.

Russia Sees Hazard In Ukraine Warheads

By Fred Hiatt

Washington Post Service

MOSCOW — Senior Russian generals, pressing for early fulfillment of an arms treaty brokered by President Bill Clinton last week, said Tuesday that nuclear warheads in Ukraine were decaying and increasingly dangerous.

Colonel General Yevgeni Maslin, chief of nuclear systems in the Russian Defense Ministry, warned that Ukrainian storage facilities were overloaded and that its nuclear weapons were not being properly maintained. He said the danger of an accident in handling or transportation was increasing every day.

"The condition of nuclear safety in Ukraine continues to worsen," General Maslin said.

Ukrainian officials have denied that the nuclear weapons on their territory pose any immediate danger. They also have accused Russia of exaggerating the danger for political purposes.

Mr. Clinton was joined by President Boris N. Yeltsin of Russia and President Leonid M. Kravchuk of Ukraine in Moscow on Friday in signing an accord calling for the withdrawal of nuclear weapons from Ukraine for assembly in Russia. In return, Russia and the United States agreed to pay Ukraine for the warheads and to help guarantee the nation's security.

The agreement has sparked opposition inside Ukraine, where some politicians and nationalist leaders want to hold onto the weapons. Many Ukrainians believe that Moscow does not respect Ukraine's independence and view nuclear arms as an important badge of sovereignty.

General Maslin said Tuesday that there were about 2,000 nuclear warheads in Ukraine, including 1,300 for intercontinental ballistic missiles and more than 600 for air-launched cruise missiles. Ukraine has 176 missile silos and about 40 bombers capable of handling nuclear weapons, he said.

The general welcomed the statement signed last week and urged Ukraine to accede to it quickly. Although the accord allows seven years for Ukraine to become non-nuclear, General Maslin said Russia could withdraw and disassemble all of its neighbor's warheads within two years.

General Maslin did not speak of the danger of a nuclear explosion, but he implied that poor maintenance and handling could cause a conventional explosion that could spread radioactive material over a wide area.

RUBLE: Russian Run on Dollars

Continued from Page 1

usage minister's post without better terms.

But in a game of chicken his aides said that he had not resigned, and that talks might continue over his participation in the government. Having just promised Mr. Clinton that his support for Russian reforms would intensify, Mr. Yeltsin would be embarrassed by losing Mr. Fyodorov.

The reform economist Grigori A.

Yavlinsky, who has criticized Mr. Gaidar but praised Mr. Fyodorov, has said he is unlikely to play the role of window-dresser for the West that Mr. Gaidar clearly tired of. A departure of Mr. Fyodorov, Mr. Yavlinsky said Tuesday, "promises very high inflation in the nearest future."

In another strong indication of a changing, postelection mood, the foreign minister, Andrei V. Kozyrev, reportedly told a meeting of Russian ambassadors from the former Soviet states that it would be dangerous for Russian troops to withdraw completely from the area of the former Soviet Union. Although military domination is not in Moscow's interests, he said, "it would be dangerous to create a vacuum, because it might be filled with unfriendly forces."

A balance must be found between a full military presence and complete withdrawal, he said, both of which would be "extreme."

Britain to Mint D-Day Coin

Reuters

LONDON — The Royal Mint is to issue a special coin to commemorate the 50th anniversary in June of the World War II D-Day landing on the Normandy beaches in France. A silver version of the 50-pence (75-cent) coin will sell for £23.95 and a gold one for £375.

DEFENSE: Inman Withdraws

Continued from Page 1

"My family and I have not found it possible to focus on the positive and ignore the negative, but rather have been drawn to focus on the rush-to-judgment distortions of my record, my character and reputation."

Clinton aides offered no details beyond saying that Mr. Inman felt uneasy to face the hazards of a tough Senate inquiry. But Senator John S. McCain 3d, Republican of Arizona and a member of the Armed Services Committee, said there was no opposition to Mr. Inman. He said Mr. Inman's fears bordered on paranoia and compared them to Ross Perot's concerns during the 1992 campaign that Republicans were plotting to spoil his daughter's wedding.

Some Senate aides, speaking anonymously, said that one of Mr. Inman's problems was a tempera-

ment that made him unable to hear the rough and tumble of public life.

"Without solid bipartisan support from the leadership at the outset, I bring no special qualifications to the prospective job," Mr. Inman wrote in his letter to Mr. Clinton.

At the news conference, Mr. Inman strongly renewed his endorsement of the president's views on defense, saying that there was "absolutely no daylight" between himself and Mr. Clinton on military issues. The White House has faced criticism on a range of questions including homosexuals in the armed forces and cuts in defense spending that many specialists contend are too deep.

Mr. Inman attacked what he called "the new McCarthyism" in public life in Washington, a reference to the 1950s era of Senator Joseph McCarthy and his strident campaign to rid the country of communists.

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(Continued From Page 17)

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Today's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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Profit Falls 85% at Unit Of Thyssen

But others predict the central bank will hold rates steady for now, The Bundesbank had no comment on Mr. Häusler's possible appointment.

IMI has become Italy's largest stock and bond broker through its Sige investment bank subsidiary, and the bank is expanding its life insurance operations. It is also Italy's largest mutual fund manager, with about 20 percent of the market, double that of its closest competitor, the RAS SPA insurance group. It is likely to gain market share,

The management board chairman, Wendelin Wiedeking, said Porsche's six-month loss for the current financial year was expected to be 115 million DM, compared with 120 million DM a year earlier.

MAI Bids for Anglia TV

MAI DRUGS TO
Agence France-Presse
LONDON — MAI PLC, a British investment group, on Tuesday launched an agreed takeover bid for Anglia Television Group PLC.

MAI said it was offering Anglia shareholders at least 637 pence (\$9.49) a share in cash and stock, valuing the company at £292 million (\$435 million). MAI said Anglia management had recommended shareholders accept the offer.

5x5 100s	High	Low	Latest	Ch'ge	12 Month High	Low	Stock
2926	18 1/2	15 1/2	16 1/2	+2 1/2	23 1/2	12 1/2	Seafair
4007	17 1/2	12 1/2	12 1/2	-5 1/2	13 1/2	7 1/2	Spec 1
4807	17 1/2	5 1/2	5 1/2	-2 1/2	17 1/2	12 1/2	Spec 2
963	17 1/2	5 1/2	5 1/2	-2 1/2	23 1/2	12 1/2	Spec 3
838	27	26 1/2	27	+1/2	28 1/2	21 1/2	Spec 4
1257	7 1/2	7 1/2	7 1/2	-1/2	8 1/2	2 1/2	Spec 5
2069	0 5/8	0 1/2	0 1/2	+1/8	7 1/2	12 1/2	Spec 6
2069	0 5/8	0 1/2	0 1/2	+1/8	7 1/2	12 1/2	Spec 7
13401	28 1/2	27 1/2	27 1/2	-1/2	28 1/2	21 1/2	Spec 8
781	28 1/2	27 1/2	27 1/2	-1/2	28 1/2	21 1/2	Spec 9
781	28 1/2	27 1/2	27 1/2	-1/2	28 1/2	21 1/2	Spec 10

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Tuesday's Closing

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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MEDIA: A Dazzling, Disorienting Voyage Through Multimedia Land

Continued from Page 11

roles opposite actors from the Royal Shakespeare Company

Turner Broadcasting Systems Inc. previewed a "Gettysburg" CD that lets viewers alter the course of the battle, while Canal Plus's MediaLab showcased a tour of the Chury Abbey, destroyed in the 17th century, but reconstructed in virtual reality.

Olivetti SpA unveiled a computer with video telephony enabling simultaneous long-distance trans-

mission of images and text. Jointly with British Telecom PLC, Olivetti has spent \$15 million to develop the system, targeted for banks, insurance companies and advertising markets. The Olivetti system, which goes on sale next month, will cost around \$6,000 for the first station and about \$4,500 each for additional stations.

Nearby, you could try speaking French with the animated comic characters inhabiting Apple's Asterix CD, one of the hundreds of

titles aimed at the burgeoning chil-

Musical programs of all sorts abounded, with Smithsonian's two compendiums on the blues having the musicians themselves giving thumbnail lessons in playing guitar and harmonica.

"Star Trek Interactive," a video game developed by 3DO Co., promises to give synthetic computer characters a life of their own, beyond the control of the players.

dia are going to run over you," quipped Siegfried Kögl, general manager of MacGuffin, a company based in Zurich. "So we've developed an interactive media guide that learns what you like by recording what you watch and then chooses what programs to watch for you so you don't have to work too hard. It's not out yet, but our working title is 'The Friend.'"

In the disorienting, information-packed multimedia future, nothing could come in more handy.

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INTERNATIONAL FUNDS

Jan. 18, 1994

Quotations supplied by funds listed. Not asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue prices.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (t) fortnightly (every two weeks); (r) - regularly; (q) - twice weekly; (m) - monthly.

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